Austria Sch. 18	Indonesia Rp 2500	Portugal Esc 75
Bahrain Din 0.650	Italy L 1100	S Arabia Rls 6.00
Belgium BFr. 38	Japan Y550	Singapore S$4.10
Canada C$2.00	Jordan Fils 500	Spain Pta 100
Cyprus Mils 600	Kuwait Fils 500	Sri Lanka Rup 30
Denmark DKr 7.75	Lebanon L£6.00	Sweden SKr 6.50
Egypt E£1.00	Luxembourg LFr 38	Switzerland SFr 2.00
Finland Fmk 5.50	Malaysia Rgt 4.25	Taiwan NT$65
France Fr 6.00	Mexico Pes 300	Tunisia Din 0.600
Germany DM 2.20	Morocco Dh 6.00	Turkey L 150
Greece Dr 60	Netherlands Fl 2.50	U.A.E. Dh 6.50
Hong Kong HK$12	Norway NKr 8.00	U.S.A. $1.50
India Rup. 15	Philippines Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,384 Tuesday July 31 1984 D 8523 B

Stalemate in the Gulf war, Page 17

NEWS SUMMARY

GENERAL

German coalition agrees on plant

West Germany's coalition parties reached a compromise over the controversial new Buschhaus coal-fired power station, which should avert the risk of an embarrassing government defeat in parliament.

The Bundestag has been recalled for its first emergency session for six years to debate Buschhaus today and the Cabinet is to take a final decision tomorrow.

The Free Democrat FDP, which provoked a storm over its refusal to sanction the start-up of the station because of the absence of sulphurous pollution filters, agreed to the filters' being installed sooner than the envisaged 1987 of 1988 date. Page 18

Lebanon counts cost

Lebanon's Council for Development and Reconstruction has estimated the cost of rebuilding the country at $33bn. The cost will be shared equally by public and private sectors over 10 years.

Swiss explosion

M Joseph Juillard, a Swiss suspected of having had links with French right-wing activists, was seriously wounded while trying to defuse a bomb planted in his car.

Food price rise

Israel instituted a 15 per cent rise in basic foods as part of a post-election drive to cut public spending and combat the nation's 400 per cent inflation.

New Kashmir crisis

The northern Indian state of Kashmir was plunged into crisis when the speaker of its legislature disqualified 13 members, including nine ministers. Page 3

Pit union fined

UK miners were heading for a clash with the Government over its labour laws after a judge imposed a £50,000 ($65,400) fine on their union for contempt arising out of picketing incidents in the coal strike. Page 18

UK stands firm

Britain will not raise its contributions to Brussels so long as the European assembly blocked the UK's 1983 EEC budget refund, a Foreign Office minister told the House of Commons in London.

Reforms urged

Poland's leading independent Roman Catholic newspaper praised the Government for its amnesty of political prisoners but urged full implementation of economic reforms. Page 2

Italian reshuffle

Italian Prime Minister Bettino Craxi named Sig Pier Luigi Romita as budget minister after the resignation three weeks ago of Sig Pietro Longo, alleged to have been a member of the outlawed P-2 freemasons lodge. Page 2

SA office to close

New Zealand will close South Africa's consulate in Wellington, according to Mr David Lange, the country's new Prime Minister.

Monkey business

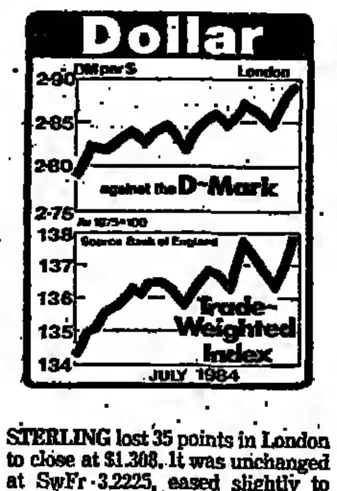
A troop of about 80 enraged monkeys besieged a South African home and attacked two policemen trying to rescue the occupants, who had caught a female monkey and baby in a trap.

BUSINESS

IBM to form UK joint venture

IBM, the world's largest computer manufacturer, plans to form a joint venture with British Telecom to build and operate a network of UK electronic information services. Page 18

DOLLAR improved in London to DM 2.894 (DM 2.884), SwFr 2.4625 (SwFr 2.461), FFr 8.8835 (FFr 8.85) and Y246 (Y245.3). On Bank of England figures, its trade-weighted index was at a record 137.9 from 137.3. In New York it closed at DM 2.89, FFr 8.8725, SwFr 2.455 and Y245.5. Page 35



STERLING lost 35 points in London to close at $1.308. It was unchanged at SwFr 3.2225, eased slightly to Y321.25 (Y321.5) and improved to DM 3.785 (DM 3.784) and FFr 11.62 (FFr 11.5975). Its trade-weighted index was up from 78.4 to 78.5. In New York it closed at $1.308. Page 35

GOLD was higher on the London bullion market at $340.375. It also improved in Frankfurt and Zurich to $338.50. In New York, the Comex August settlement was $342. Section III

WALL STREET: The Dow Jones industrial average closed 4.64 down at 1,109.98. Section III

LONDON gilts were under pressure from sterling but equities firmed. The FT Industrial Ordinary index added 2.3 to 778.7. Section III

TOKYO stocks halted a four-day rally, with the Nikkei-Dow market average 21.39 off at 10,013.60. Section III

GENERAL Agreement on Tariffs and Trade (Gatt) is deeply concerned that an increase in bilateral trade deals by industrialised nations, particularly the U.S. might undermine its role as regulator of world trade. Page 18

WEST GERMAN Government launched a DM 2bn ($691m), 10-year loan stock with an 6¾ per cent coupon, issued at 100.25 to yield 8.21 per cent.

JAPANESE Government plans a Y500bn ($2bn) 10-year bond issue with a 7.3 per cent coupon, provisionally priced at 97.75, to yield 7.698 per cent.

ECONOMIC growth in the European Community should exceed 2 per cent this year and next, but the recovery will not be enough to cut unemployment, according to a European Commission survey. Page 18

EASTMAN KODAK is confident of higher earnings for 1984 after reporting second-quarter profits of $229.3m against $169.4m a year ago.

BLUE BELL, the U.S. manufacturer of Wrangler jeans, is closing five plants in Puerto Rico and making 1,000 workers redundant because of falling demand for jeans in Europe. Page 19

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Hong Kong agreement expected by September

BY MARK BAKER IN PEKING

BRITISH and Chinese officials said yesterday that some key issues on the future of Hong Kong had been settled and that a final agreement was now likely by September.

A senior British official said last night that the three days of talks between Sir Geoffrey Howe, the British Foreign Secretary, and top Chinese leaders had been more successful than expected. "We have made substantial progress towards a settlement," the official said. "Issues have been resolved."

Nevertheless, points "of substance" remained to be settled, he said, a point echoed by Sir Geoffrey after meeting Zhao Ziyang, the Chinese Premier. "We have made substantial progress," Sir Geoffrey said, "but there are substantial issues still to be dealt with."

Officials would not say, however, what issues had been resolved or were yet to be agreed, but it is understood that one chief point settled is for the formation of a joint committee to supervise developments up to 1997, when Britain's leases on most of the territory expire and the colony reverts to Chinese sovereignty.

Britain is believed to have accepted Chinese proposals for such a group, but the Chinese seem to have agreed that it will not meet in Hong Kong itself. The proposal has generated much concern in the colony because of fears that China might be able to use such a forum to undermine British administration before 1997.

Chinese sources were even more positive on the progress made, saying that all remaining issues of substance had been settled. "The major matters have been solved and only minor matters remain to be dealt with," said one official. Any remaining details could be resolved when Sir Geoffrey again meets Wu Xueqian, the Chinese Foreign Minister at the UN General Assembly in September.

China, he said, was co-operating to achieve an agreement as quickly as possible. "After all, it is China, not Britain, that will suffer the most if the Hong Kong problem is not solved."

Sir Geoffrey will today meet Deng Xiaoping, the Chinese leader, before departing for more talks in Hong Kong, with the British side expecting Deng to endorse the decisions reached over the past three days. A brief joint communiqué is expected before Sir Geoffrey leaves.

Zhao is understood to have emphasised to Sir Geoffrey the prospects for closer co-operation between China and Britain once the Hong Kong issue is settled. His remarks were being interpreted to mean commercial co-operation.

"I have not the slightest doubt that after the smooth settlement of the Hong Kong question, a question left over from history, relations between China and the United Kingdom will further develop in a comprehensive way, reaching a new high," he said.

● **David Dodwell adds from Hong Kong:** Deng Xiaoping thinks that Hong Kong's civil servants are overpaid and a burden on the people of the territory, according to weekend reports from Peking.

Deng's comments, made to "a visiting group," add an interesting public sidelight to an issue understood to have been one of the "intractable problems" that faced the current talks in the Chinese capital.

Peking is thought to have been pressing for a programme of "training up" Chinese civil servants to replace expatriate administrators after the 1997 takeover. It evidently fears that the colony's present administration, would groom for promotion people sympathetic to Britain, rather than "patriots" sympathetic to Peking.

Protests were immediately made yesterday from the territory's Civil Service unions. One said that government staffing had remained unchanged at 180,000 for the past two years, with each civil servant carrying a bigger workload. Another pointed out that more than 40,000 civil servants earn less than HK-$3,000 ($385) a month.

Sale of prime property site, Page 3

OECD forecasts W. German growth

By Rupert Cornwell in Bonn

WEST GERMANY can look forward to 18 months of steady if unspectacular growth and low inflation, but with little prospect that unemployment might drop significantly, according to the Paris-based Organisation for Economic Co-operation and Development (OECD).

In its latest report on Europe's most powerful economy, the OECD forecasts that West Germany will achieve growth of 2.9 per cent this year and 2.7 per cent in 1985. Inflation, as measured by the GNP deflator, will drop to 2.8 per cent in 1984 from 3.2 per cent last year, and remain little changed throughout 1985.

The linchpins of the expected expansion will be exports and fixed investment. After a slight decline in 1983, the report puts export growth over the next two years at 8.2 per cent and 6.9 per cent respectively.

That in turn is likely to feed into a powerful improvement in the key current account surplus to $5.8bn this year, and as much as $10.3bn in 1985 – assuming there is no sharp decline in the dollar to brake the competitiveness of West German goods in foreign markets.

That display of economic rectitude, however, is unlikely to produce much relief for the 2.1m West Germans now without a job. According to the OECD, unemployment will decline very gradually at best, to 8.1 per cent of the workforce this year from 8.2 per cent in 1983. For 1985, another small fall is expected, to 7.8 per cent, but the number will remain around the 2m mark.

The Bonn Government earns particularly high marks for its success in reducing the public-sector deficit, although the improvement reflects in part a fall in real terms of a quarter in public investment since 1980.

This year the Finance Ministry is expecting the public-sector borrowing requirement to drop to under DM 30bn ($10.5bn). The OECD believes that for 1985, the deficit might fall to under 1 per cent of GNP, its lowest level since 1973, despite uncertainty over the level of remitted profits by the Bundesbank, and West Germany's net contribution to the EEC.

Thereafter, the deficit may grow somewhat in real terms after the DM 20.2bn tax relief due between 1986 and 1988. Even that might be partly covered, however, if the Government accepts the OECD's advice to profit from the present upswing by reducing state subsidies to industry.

Continued on Page 18
Details, Page 2

UK rejects offer on trade debt by Nigeria

BY MICHAEL HOLMAN IN LONDON

BRITAIN'S Export Credits Guarantee Department (ECGD) yesterday repeated its insistence that Nigeria must reach agreement with the International Monetary Fund (IMF) before negotiations to reschedule insured trade arrears are concluded.

This cool response will disappoint the Nigerian Government, which sees Britain's stance as critical to the success of its offer.

ECGD, whose exposure is put at about £600m, has been the prime mover in the group of export credit agencies from France, West Germany, Italy, Japan and the U.S. which have made an IMF deal conditional on rescheduling.

The Nigerians believe that any softening in Britain's stand would have been matched by the other agencies.

In a strongly worded statement last night the ECGD advised insured creditors not to accept the Nigerian offer, formally made yesterday to reschedule insured trade arrears amounting to about $2bn on the same terms accepted by uninsured suppliers last April.

The Nigerian proposal, the department said, was "unilateral and has not been approved by ECGD."

The department repeated that its basic position towards rescheduling of insured trade arrears was unchanged.

"We are willing to enter into multilateral negotiations with the Nigerians covering all creditor governments, but all governments have made it clear that before such negotiations could be concluded successfully it would be necessary for the Nigerian Government to reach agreement with the IMF on an adjustment programme."

Although such negotiations were continuing, said the department, "there are some problems and agreement has not yet been reached."

Although last night's statement offers little encouragement to the Nigerians, officials close to both parties believed that further negotiations may lead to a softening of Britain's stand.

While the department described Nigeria's offer as "unilateral," it was preceded by a series of unpublicised contacts, culminating in the visit to London on Friday of a senior Nigerian representative who met officials in ECGD and the Treasury.

It is thought unlikely that Nigeria would have proceeded with its proposal if those talks had not provided some grounds for hope.

● Nigeria is reviewing its continued membership of the Commonwealth, which groups about 45 former British colonies, Ibrahim Gambari, Nigeria's foreign minister, is reported to have said.

Editorial comment, Page 16

Fabius attacked over price rises

By David Marsh in Paris

FRANCE'S freshly shuffled Socialist Government, hoping to win popularity from a round of tax cuts planned for next year, is running into a storm of criticism as a result of officially ordained price increases that take effect during the summer.

An increase in taxes on telephone calls, which comes into effect tomorrow, has attracted the strongest protests of opposition politicians, trade unionists and business leaders.

M Edmond Maire, head of the Socialist-leaning Confédération Française Démocratique du Travail (CFDT) trade union, and M Jean Bornard, leader of the minority Confédération Française de Travailleurs Chrétiens (CFTC) union, yesterday attacked the telephone tax, which will put up the cost of calls by 25 per cent compared with the beginning of the year.

They were speaking after separate talks with M Laurent Fabius, the Prime Minister, part of a series of discussions with union chiefs launched by the new government leader since his appointment by President Mitterrand this month.

The 16.3 per cent increase in telephone charges, following an 8.3 per cent rise in May, was opposed by France's telecommunications administration as weakening the Government's drive to spur greater use of the telephone service. It was imposed by the Elysée Palace and the Prime Minister's office as a means of gathering fresh funds to keep next year's budget deficit to M Mitterrand's target of 3 per cent of gross national product.

Bread prices and Paris transport

Continued on Page 18

Volcker says strain on banks 'diminishing'

BY STEWART FLEMING IN WASHINGTON

MR PAUL VOLCKER, the chairman of the Federal Reserve Board, yesterday maintained that strains on the U.S. banking system from international lending and the Continental Illinois National Bank crisis were "diminishing at the moment."

He was giving testimony to the Joint Economic Committee of Congress, which closely paralleled his remarks to the Senate Banking Committee last week.

Mr Volcker warned that federal budget deficits could increase next year from about $170bn in 1984 and that the financial markets could react negatively to any indications that political action to cut the deficit next year might not be taken.

Commenting on the Continental rescue which was announced the day after he testified to Congress last week Mr Volcker said the situation was "unique" and he did not expect a similar sized bank to get into the same situation.

In his view the main lesson of the crisis was that banks "cannot afford to forget the crucial importance of maintaining confidence." Defending the rescue, he said the main reason for the move was to avoid a shock to the banking system.

Many Continental depositors were other banks and in the context of a difficult international credit picture the regulators were concerned that failure to guarantee all Continental's deposits would have raised questions about other banks which were fundamentally sound.

THE DOLLAR rose further on foreign exchange markets yesterday, to new records against several European currencies, as the combination of high interest rates and low inflation continued to attract funds into the U.S. currency.

The surge was limited, however, by fears that at present levels the dollar might be vulnerable to intervention by European and Japanese central banks.

The dollar closed in London at DM 2.8950 on Friday, and its trade-weighted index as measured by the Bank of England rose to 137.9 from 137.3.

Sterling, which has been unsettled by recent expectations of falling oil prices, fell to $1.3080 from $1.3115 but recorded small gains against most other currencies, and its trade-weighted index rose to 78.5 from 78.4.

Mr Volcker repeated his view that the Continental crisis should not stop the process of deregulation of services which banks could offer. He said there was a range of activities into which affiliates of bank holding companies could diversify which did not involve substantial risk. In the past Mr Volcker has endorsed bank moves into certain in-

Continued on Page 18
Money markets, Page 35

St Regis shares suspended after Murdoch raises bid

BY TERRY DODSWORTH IN NEW YORK

MR Rupert Murdoch, the Australian publisher, raised his partial cash offer for St Regis of the U.S. yesterday amid signs that the paper group was preparing to fend off the unsolicited bid.

The sweetened cash offer, up from $52 a share to $55 for 50.1 per cent of the company, was followed almost immediately by a request from St Regis for its shares to be suspended on the New York Stock Exchange pending an announcement.

Brisk trading continued in the specialist off-Wall Street broking houses, however, indicating that the market was expecting a rival offer or a move to bring in a friendly bidder.

Jefferies, the New York and Californian broking firm, said it was dealing in stock at around $51, up from $45⅝ on Friday, Mr Ivan Boesky, one of the leading New York arbitrageurs who takes significant shareholdings in big takeover targets, said he had acquired 9.73 per cent of the group.

The statement from Mr Murdoch, who owns substantial newspaper interests in the U.S. as well as the UK and Australia, follows proposals for an agreed bid made 10 days ago.

This approach, made through News International, the UK arm of Mr Murdoch's newspaper business, was later rejected by St Regis. In the new tender offer, which Mr Murdoch says he will make formally in the next five days, News International is putting pressure on St Regis shareholders partly by raising the cash price.

It is also trying to gain support for the approach by threatening to lower the price to $47 a share if St Regis goes ahead with a defensive plan to acquire the Colonial Penn insurance group. St Regis already holds almost 10 per cent in the Philadelphia-based company and is expecting to complete the $390m stock and cash deal by September.

In an additional threat to the St Regis board News International said it would go ahead with an acquisition of shares not purchased as part of the tender offer only if directors approved of the bid – a common tactic to persuade shareholders to influence a favourable board decision.

News International said it believed it could go ahead with its offer despite orders issued by insurance authorities in Florida and Nebraska not to acquire additional shares. It said it might be the subject of an injunction by the Securities and Exchange Commission, the U.S. stock exchange regulatory body, on the grounds that it had failed to disclose plans to acquire St Regis at the appropriate time.

CONTENTS

Catholic newspaper urges Polish reform

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S leading independent Catholic newspaper, Tygodnik Powszechny, while praising the Government for its courage in granting last week's amnesty to political prisoners, has urged the authorities to proceed with full implementation of economic reforms, an authentic dialogue with the people and recognition of the Church's legal status.

The appeal came after the authorities had freed about 300 political prisoners under the amnesty or nearly half the total number.

The figure, however, includes few of the most prominent of the prisoners and there were doubts over the weekend as to the whereabouts of one of them, Mr Wladyslaw Frasyniuk from Wroclaw, freed from prison on Friday.

A government spokesman said Mr Frasyniuk was resting at a monastery.

Tygodnik was swiftly and angrily attacked by Trybuna Ludu, the Party newspaper, for its appeal.

Trybuna Ludn accused the Krakow-based weekly, which retains close links with Pope John Paul II, of being hypocritical and said it was echoing "the annunciations of a certain prominent politician over the ocean," a reference to the U.S. President Ronald Reagan.

Trybuna Ludu came out against the idea of "trade union pluralism" being urged by the Catholic Church and Mr Lech Walesa, leader of the banned Solidarity trade union. This would involve official permission for the establishment of new unions alongside the ones set up in 1982 to replace Solidarity.

"In essence the aim is to re-establish an organisation which could use its statutory rights for activities far removed from those of a trade union" the party paper says.

Despite the attack the fact remains that the authorities did permit the publication of the Tygodnik editorial.

The paper represents an influential segment of Catholic opinion. Since martial law was imposed it has, partly by choice and partly as a result of censorship, expressed its opposition to developments in the country by refraining from direct comment on current affairs.

Statoil aims at new deal with UK on Sleipner gas

By Fay Gjester in Stavanger

STATOIL, the Norwegian state oil company, expects to reach a new agreement during August with the British Gas Corporation for the purchase of BGC of gas from Norway's offshore Sleipner field.

The delay in revising the original deal, concluded last year and worth around $20bn (£15.2bn) means that production of the field can start at the earliest in spring, 1991, a year later than originally planned, Statoil says.

The new negotiations will probably start in London "within the next few days," according to Statoil. The first agreement was kept on ice by the British Government's refusal to approve it without certain changes.

British officials are said to be seeking a reduction in peak deliveries from the field. In addition they want a share of the project's work to go to UK companies.

They would also like to see the field's condensates piped via the UK sector to the Orkneys, instead of via Norwegian lines to Ekofisk and thence to Teesside.

Statoil has decided to join forces with other oil companies in gathering geological data on the blocks which Britain is offering in its ninth licensing round, with a view—possibly—to seeking stake in some of them.

It will not reveal the names of the other companies involved in the group or groups with which it is co-operating, and says it will definitely not be applying for operator status in this round—only a licence share.

Craxi appoints Romita new budget minister

By Alan Friedman in Milan

SIG BETTINO CRAXI, Italy's Prime Minister, yesterday announced a minor Cabinet reshuffle. The reshuffle was made necessary by the resignation three weeks ago of Sig Pietro Longo, Budget Minister, after allegations, since denied by Sig Longo, that he had been a member of the outlawed P-2 lodge.

The Prime Minister named Sig Pier Luigi Romita, a member of Sig Longo's Social Democratic Party, as new Budget Minister. Sig Romita's portfolio as Minister for Regional Affairs will be taken by Sig Carlo Vizzini, also a Social Democrat.

OECD REPORT ON WEST GERMANY

Top of the class but it may not last

BY RUPERT CORNWELL IN BONN

WEST GERMAN ECONOMY:
Demand and output prospects

	Per cent share of GNP in 1982	Constant 1976 prices, seasonally adjusted; percentage change at annual rate:						
					1984		1985	
		1983	1984	1985	I	II	I	II
Private consumption	54.3	1.0	1.2	1.2	1.7	1.5	1.1	1.2
Government consumption	20.3	−0.2	0.3	0.4	−0.1	0.2	0.4	0.6
Gross fixed investment	20.6	2.9	5.6	3.8	4.7	5.1	2.8	4.3
Final domestic demand	97.2	1.1	1.9	1.6	2.0	2.0	1.3	1.9
Stockbuilding*	0.4	0.7	0.3	0.1	−0.1	0.1	0.2	0.1
Total domestic demand	97.6	1.9	2.2	1.8	1.8	2.1	1.5	1.9
Foreign balance*	2.4	−0.5	0.8	1.1	1.5	0.8	1.2	1.1
Exports of goods and services	33.5	−0.9	8.2	6.9	11.8	6.6	6.9	7.2
Imports of goods and services	31.1	0.8	6.7	4.4	7.9	4.9	4.0	4.6
GNP at market prices	100.0	1.2	2.9	2.7	3.3	2.8	2.6	3.0
Current balance U.S.$ bn, annual rate		3.9	5.8	10.3	5.0	6.5	9.0	11.5
Unemployment (per cent of total labour force)		8.2	8.1	7.8	8.2	7.9	7.8	7.7

* Changes in stockbuilding and the foreign balance as percentage of G.N.P. in the previous period.
Source: OECD Secretariat

FOR THE TIME being, top of the class (or near it), but be warned, it may not last. Thus might be summed up the latest report on the West German economy, carried out by the Paris-based Organisation for Economic Co-operation and Development (OECD).

As the OECD is the first to admit, there is much to applaud in the progress achieved by the Centre-Right coalition in Bonn over the past 12 months, enough indeed to make practically any other Western Government mightily envious.

"Over the past year, the German economy has made good progress towards the simultaneous achievement of important policy targets," writes the OECD secretariat.

Gross national product has begun to grow at a reasonable pace, and should continue to do so until the end of 1985. Inflation, meanwhile, has come down further (to the lowest point in 15 years, according to the most recent estimates).

The report goes on: "the public sector deficit has been reduced, a current external surplus restored, and profitability improved.

"Initially, the recovery was led by domestic demand"—an unusual feature in Germany, the OECD notes—"although since the autumn of 1983 exports have become the most dynamic element."

After this panegyric, however, the first words of caution creep in. An obvious one concerns the consequences of the seven-week strike in the vital engineering sector, which ended only as the study was approved for publication.

Although the general view in Bonn is that the disruption, which caused up to DM 10bn (£2.63bn) of production losses (above all in the export-oriented motor sector) will have no decisive effect upon output, wage costs or upon the longer-term reliability of German suppliers, no one can be sure. That clearly goes for the OECD also.

Another uncertainty remains developments in the U.S. A strong foreign demand "is crucial for the strength and perhaps even the sustainability of the recovery," says the report.

But "a sharp fall in the value of the dollar would probably not allow the marked gains in export market shares which have been forecast."

Then again, consumer spending, which helped get recovery off the ground in 1983, could ba held back if West Germans choose to replenish their savings.

What might happen, moreover, asks tha OECD, were foreign demand to falter, or if interest rates began to follow those in the U.S. upwards?

It sees a danger that business confidence might decline, which in turn might cast doubt on estimates that total investments could climb by 5.6 and 3.8 per cent respectively, this year and next.

In any case the benefits of the present upswing are unlikely to have any dramatic impact on the fortunes of the 2.1m West Germans who are unemployed.

The judgement of the OECD is that recovery this time in West Germany (and indeed in the rest of the industrialised world outside the U.S.) is likely to be slow by historical standards, and certainly less vigorous than that in 1975 and 1976, after the first oil crisis.

True, the recent impressive productivity growth achieved by German industry may fizzle out. But the report warns that the total labour force will start to expand again—indeed, that lately unemployment has already been increasing, on a seasonally-adjusted basis.

By September 1983, when joblessness had reached a post war high of 2.3m, long-term unemployment (ie for more than a year) reached 28.5 per cent of the total, affecting foreigners and young people worst of all.

"The reduction now is expected to be only modest," says the OECD. In other words, high unemployment in Germany is here for a good while.

Nor do the longer-term difficulties identified by the OECD lend much comfort. They are basically three: the historically low profitability of industry, its problems in raising risk capital, and the need to shift exports towards higher growth markets and higher technology products.

Since the Kohl Government, with its emphasis on rolling back the state sector and fostering private initiative, came to power in October, 1982, company profits have begun to recover.

But the OECD notes that the improvement has made good only a fraction of the decline experienced since the late 1950s.

At the same time, however, and despite the Government's declared intentions, public subsidies to industries like shipbuilding, aircraft and steel are actually growing.

This means that in 1984 such aid will probably exceed the DM 27bn of 1983. Instead the authorities should take advantage of the upswing "to speed up the dismantlement of state assistance to particular economic activities."

In this way, say the OECD experts, German industry would gain in efficiency and adaptability, while the present happy mixture of decent growth and low inflation would have a better chance of surviving into the years ahead.

'Geostationary ring' count begins

BY PETER MARSH

INTERNATIONAL civil servants have started an unusual piece of detective work—counting the number of satellites in the geostationary orbit 36,000 km out into space that is used for telecommunications.

The exercise arises from a major review next year of the regulations that control satellite slots in the geostationary ring.

Due to excessive demands for places in this orbit—in which satellites hover above a set position on the earth's surface and so are ideal for relaying signals between two points—countries are concerned that the geostationary ring will become clogged.

Furthermore, Third World nations want to change the rules that reserve most of the prime slots in the orbit for the industrialised countries.

In preparing for the review, which will begin at a five-week conference in Geneva next August, civil servants around the world realised that they require an up-to-date list of which satellites are in position.

Unfortunately, no such list exists. The best that can be provided are tables drawn up by the International Telecommunication Union—a technical agency of the United Nations—that are themselves based on data from countries with satellites in orbit.

As an ITU official in Geneva explained yesterday, governments sometimes fail through pressure of work to give adequate information.

For example, a country that notifies the ITU of plans for a satellite may cancel the project or switch off the vehicle while it is in orbit—and forget to tell the Geneva bureaucrats.

This produces a "paper satellite" that either does not exist or is no longer transmitting.

On the other hand, a country that plans a satellite may launch it before the proper consultation procedures between governments are finalised.

As a result of the lack of facts about geostationary satellites, ITU officials have sent out memoranda to the organisation's 150-or-so member countries, urging them to bring the records up to date.

With the information, the ITU hopes to complete a full list of satellites in time for next year's conference.

Hungary backs E. Germany over links with Bonn

BY LESLIE COLITT IN EAST BERLIN

THE East German leadership has received support from the Hungarian Communists after being severely criticised by the Soviet Union for drawing too close to West Germany.

The Hungarian newspaper Nepszava said East Germany was following a policy of "constructive co-operation" with West Germany. It noted that the relationship between Bonn and East Berlin is characterised by "continued contacts and the creation of all-round ties."

The Hungarian commentary was demonstratively published yesterday in the main East German Communist newspaper Neues Deutschland.

A foreign policy alliance has developed in recent months between East Berlin and Budapest, both intent on stepping up contacts with the West at a time when relations between the U.S. and the Soviet Union are virtually frozen.

Moscow supported this policy but appeared to lose its nerve when East Germany went too far in Soviet eyes along the path of improving contacts with Bonn.

The Soviet Communist Party newspaper Pravda last week warned East Germany that Bonn was aiming at undermining Socialism in East Germany and was using an "economic lever" as well as "political contacts" to achieve this goal.

David Barchard looks at political life under Ozal's administration

Turkey stays within military's guidelines

SEVEN months after Mr Turgut Ozal's Motherland Party came to office, Turkey's political life still shows every sign of staying within the guidelines mapped out by President Kenan Evren and the top military leadership in the 1982 constitution.

Outwardly politics in Turkey today are very different from what they were a year or two years ago.

Parliament and parties have returned. There are rallies by party leaders, controversies and a lot of vocal criticism from wage earners and the newspapers of the government's economic policies.

The area of permissible political discussion, however, remains sharply limited, partly by the continuing reality of martial law in 41 out of 67 provinces and all key cities, partly by the restrictions embedded in the torrent of legislation pushed through after the 1980 military takeover.

"We are having to tell the Turks: if this is a transition to democracy, give us some more evidence," a European diplomat here said recently.

Arguing that any political liberalisation would mean a return to fighting on tha streets (an argument that even some left-wing Turks find it hard to deny outright). President Evren has set his face sternly against any modifications of the constitutional settlement during his term of office due to end in 1989.

The one public appeal for a change in the rules — a cautiously worded petition tn President Evren last spring by 1,368 leading liberal and leftist intellectuals for more political liberalisation and an end to torture—got a harsh response.

A prosecutor's investigation was started and 56 of the signatories will go on trial in Ankara in August, facing gaol terms of up to one year.

The petition incident was profoundly embarrassing at home and abroad. It drew pointed remarks from President Ronald Reagan's human rights adviser, Mr Elliot Abrams, during a recent visit tn Ankara. These were shrugged off on the grounds that "Abrams is not an important figure."

At home, Mr Ozal was reminded of the limits to his authority. He had exercised prime ministerial authority to reverse a military censorship order by quoting extracts from the petition at a Press conference. His closest aides had told the Western Press that there was no chance whatsoever that the petitioners would be prosecuted.

Now the Motherland Party, the largest party in Parliament, is engaged in a much more anodyne debate with the Populist Party over whether or not to reduce the voting age to 18. Everyone knows—but no one says—that this is just the sort of proposal which the military dislike but might be prepared to stomach if both major parties agreed on it.

It marks the furthest the parties may be prepared to go in testing their strength.

Meanwhile Mr Ozal forges on with his bold plant to restructure the Turkish economy along free market lines.

He faces a formidable set of opponents including those who are uneasy at the idea of a reduction in any form of state power, industrialists relying on the home market and wage earners, who claim their purchasing power has been halved in the last year.

Mr Ozal has turned a deaf ear so far to trade union protests, aware that under the system ne inherited from the military, there is no risk of a strike in the near future.

iWth four-and-a-half years until the next general election, the prime minister has little to worry about from the five other main parties.

The two which were allowed by the military to enter the general elections last November, both polled less than 10 per cent (the level necessary under the military's electoral system for representation in parliament) in the freer local elections in March.

The Social Democrats—banned in November but allowed to run for local office in March—are proving to be an inward looking party with very weak political leadership.

Many of their leaders prefer to stick to criticism of Mr Ozal's economic policies rather than do anything which might challenge the military.

A rival Socialist party now being formed by admirers of Mr Bulent Ecevit, the former Prime Minister, may mean that the Left of Centre is split into three parties: the Populist Party, inside parliament but impotent, the Social Democracy Party which lost the control of the major cities in March, and the pro-Ecevit Socialists. The thought must give satisfaction to Mr Ozal.

On the Right, however, the Prime Minister faces potentially more serious problems. Though the Centre-Right "True Path Party," which is tacitly loyal to Mr Suleyman Demirel, the ousted prime minister of 1980, got only 13 per cent of the votes in March, it is being led by men of real political talent, such as its chairman Mr Yildirim Avci and his deputy, Mr Gokberk Ergenekon, two of the liveliest figures to emerge on the Turkish political scene for many years.

If the Ozal economic programme goes awry, the voters may start flocking to them.

Another headache is tha right-wing opposition inside Mr Ozal's own Motherland Party which is potentially more dangerous to him than any of the other parties.

The MP was hastily cobbled together last year out of four or five diverse political tendencies. Among these were the residual followings of the ultra-Islamic National Salvation Party (dissolved in 1981) and of the banned neo-Fascist Nationalist Action Party.

In April and May the neo-Fascists in the party showed their hand in surprisingly clumsy fashion in a campaign to change street names.

The dispute has been firmly supressed. The outward unity of the Motherland Party looks as great as ever.

One of its leaders, Mr Halil Sivgin, says "The Motherland Party is one of Turkey's most striking successes. It wasn't easy to come this far but now we are here to stay as Turkey's major right-of-centre party."

However, Turkey's political parties have always been notoriously fissile. The question mark ebout extremists within the Motherland Party remains. The military fiercely dislike its Islamie and clericalist wing which has made its presence felt in many ways.

The neo-Fascist element (wbich is in a permanent state of feud both with the Islamic fundamentalists and with the present military leadership) also arouse suspicions.

"There are two theories," says a Western political analyst. "One is thet Ozal quickly broke the back of tha NAP neo-Fascistswhen they asserted themselves.

The other is that they hava changed tactics and are now just concentrating on winning key positions inside the party and biding their time. Personally I go for the second theory."

There remains a feeling of fragility in the air. There has already been talk of "a change of government" and a coalition of national unity. Transleted this would mean forcing Ozal out of office and replacing him by a coalition of the weakly based parties inside parliament, presumably with presidential backing.

"I don't think that is going to happen soon," says another Western diplomat. "But I think Ozal will be lucky if he can last three years. Sooner or later he will come into conflict with the Army."

There is no easing up too of the general political situation. National newspapers still live under strict censorship:

The potential for disruption and disorder obviously remains. The question neither Mr. Ozal nor anyone else is permitted to debate is whether subtler measures or sterner ones can avert a return some day of terrorism and street fighting in a country whose pacification has a disquietingly temporary air about it.

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OVERSEAS NEWS

Israeli President to sound out parties on national government

BY DAVID LENNON IN TEL AVIV

ATTEMPTS TO form a new coalition Government in Israel are likely to intensify after representatives of the Likud and Labour, the two main parties, hold informal consultations this morning with President Chaim Herzog.

The President is expected to sound out the ruling Likud Bloc and the opposition Labour Party on the possibility of reaching agreement on the creation of a national unity Government, embracing most of the parties in Parliament.

Today's informal consultations mark the beginning of a process which could last for several days. The President will receive the official results tonight, and tomorrow may begin formal consultations with all 15 parties about who they think has the best chance of forming a Government if the national coalition proves unattainable.

It is the President who invites one of the party leaders to try to form a Government because both major parties are having difficulty putting together n coalition, it is considered of utmost importance who he asks first to try to form e Government.

Irish-born President Herzog will need all the skills acquired as a director of military intelligence, a diplomat and e corporation lawyer to untangle the web of confusion woven by a public clearly dissatisfied with both the main parties.

The President decided to begin his consultations with the political parties even before the results of last Monday's General Elections are officially gazetted because of the serious situation of the Israeli economy.

By law, the party leader chosen by the President has 42 days to put together a Government. If he fails, the President can then offer the task to someone else. In the event that no politician is able to form a Government, the President can recommend to the Speaker of the Knesset that Parliament be dissolved and new elections hel. By calling on the two main parties to discuss a broad coalition, the President might avoid the embarrassment of having to invite Rabbi Meir Kahane, the head of the racist Kach Party, to the President's house for consultations.

Many people are pressing the President to refuse to see Rabbi Kahane because of his calls to drive all the Arabs out of Israel and the occupied territories.

Kashmir plunged into fresh crisis

By Our New Delhi Correspondent

THE STRATEGIC northern state of Kashmire was plunged into a constitutional crisis yesterday. The Speaker of the state's legislature disqualified 13 members, nine of who were Ministers, making Mr Ghulam Mohammed Shah, the state's new Chief Minister almost solely dependent on Prime Minister Indira Gandhi's Congress (I) Party. The party is in a minority in the state legislature.

The one-day session is to be held today as n test of strength between the followers of Mr Shah and Dr Farooq Abdullah, who was dismissed earlier this month when the 13 members disqualified yesterday defected from his National Conference Party and announced their support for Mr Shah, his arch rival and brother-in-law.

Mr Shah's appointment as Chief Minister has been widely criticised and Mr Jag Mohan, the Governor has been attacked for not dissolving the legislature as requested by Dr Abdnllah. Mr *Shah will be* in a *minority if* the 13 members are not allowed to vote on the motion of confidence he is expected to move today.

But the almost simultaneous ruling by the State the 13 were not disqualified under the anti-defection laws passed by the legislature recently has created further confusion. The High Court ruled that the Netional Conference had of support from Dr Abdullah did not amount to defection.

The confusion has been confuonded by the fact that Mr Wali Mohammed Ittoo, the Speaker, himself faces a motion of no-confidence, which is also to be taken up today.

In such a situation, observers feel that the session of the legislature cannot be held in accordance with the rules. It is likely that the constitutional machinery has broken down.

This would mean the imposition of Governor's rule and the dissolution of the legislature followed by fresh elections, something that Dr Abdullah sought when he was dismissed.

The Sikhs are now deeply divided and demoralised, reports **K. K. Sharma** from Amritsar

Punjab experiences a bitter peace

WHEN Baba Santa Singh, the controversial leader of the Sikh Nihang warrior sect, led his saffron and blue-robed followers into the Golden Temple in Amritsar this month, he brought tensions in the religious community to their highest point since the army action in Punjab last month.

By picking up a symbolic piece of rubble from the ruins of the Akal Takht, the heavily-bombarded "Seat of the Timeless" which the late extremist leader Sant Jarnail Singh Bhindranwale had made his headquarters, Baba Santa Singh started a repair operation in which several hundred Sikhs and Hindus are now taking part.

In doing so, the stocky long-turbaned Nihang has split the Sikh community. Its religious leaders think they should organise the repair work themselves, but only after the Indian army has withdrawn from the Golden Temple. Charging Baba Santa Singh with being e "stooge of the Congress-I and the Government," the five Sikh high priests have now excommunicated him from Sikhism.

The 60-year-old warrior is unworried. "What were the high priests doing when Bhindranwale desecrated the *Akal Takht* by making it into an arsenal for two years?" he asks contemptuously, ordering his followers to continne with the repairs.

The repair operation, known as *kar sewa* or voluntary service, is being done under the watchful eye of the army which retains control of the Golden Temple but is not helping the Nihang and other Sikh volunteers. By maintaining the army's presence, Prime Minister Indira Gandhi has quietly let it be known that her "tough" policy on Punjab will continue.

The policy ended two years of vacillation when the army acted last month after Bhindranwale and his extremist followers unleashed a prolonged reign of terror to press their demand for secession and creation of an independent Sikh state.

PUNJAB'S 25m bearded and turbaned Sikhs form one of the youngest religious communities recognised worldwide, even though it was founded five centuries ago by Guru Nanak Singh at Amritsar.

Derived from the sanskrit word "sikkha" (disciple), the religion's followers are the disciples of Nanak Singh and the nine other gurus who followed him. The last was the militant Gobind Singh, who died in 1708. He preached: "When all else fails, take to arms."

The Sikh community was formed as a reformist movement that rejected both Hinduism and Islam and flourished in Punjab, where it quickly became the majority community. Sikhs are monotheistic and shun idol worship and the caste system and derive their religious inspiration from the Granth Sahib, their holy book.

While opposing what they considered as the *rigidity* of both Hinduism and Islam, they nevertheless adopted their own strict religious code that took the form of swearing by the five Ks: Kara (iron bangle), Kanga (the comb which holds their long hair beneath the turban), Kirpani (religious dagger or sword), Kesh (uncut hair) and Kucha (undershorts). From these, they believe they derive religious and military strength. Their common surname is Singh, or lion.

Their places of worship are called Gurudwaras which are located all over the Punjab and scattered throughout India and many parts of the world. These they are prepared to defend with their lives.

A virile, earthy, devote community, the Sikhs do not smoke and should not drink alcohol (though many do)—but eat meat, unlike the Hindus. Being a martial movement, they held a large portion, disproportionate to their popnlation, of posts in all ranks of the Indian Army. They also hold prominent positions in all official and non-official life in India. The President of India, Zail Singh, is a Sikh.

The army keeps o low profile in Amritsar but its presence is very much felt. There are roadblocks and sandbag bunkers at strategic points. Soldiers in battledress carry automatic rifles while patrolling the streets. An occasional jeep with e mounted machine gun drives past the holy city'e busy bazaars.

In the countryside, where summer farm work and transplantation of paddy are being carried on belatedly, the army is on a pacification mission. Small groups lecture villagers on the need for peace and read out a letter from Mrs Gandhi promising that their demands will be considered sympathetically.

There is peace again in Amritsar and villages nesrby where for two years Bhindranwale's writ ran. But anti-terrorist operations continue in Amritsar district and in other parts of Punjab where hundreds of Bhindranwale's followers have gone underground. It could take months, even years, to flush them out.

Few Sikhs—not even the leaders of their political party, the Akali Dal—in Amritsar, sympethise with the terrorists. The few leaders still at liberty—the top men are in jail—are demoralised and their limited object now is to get the army to withdrew from the Golden Temple.

They speak no more of the Akali demands for eutonomy for Punjeb which triggered the terrorist movement. The demands are not forgotten—far from it—but the third and fourth rung leeders of the Akali Dal seem to have temporarily shelved them.

Instead, they have launched a movement for the withdrawal of the army from the Golden Temple. Small "martyrs squads" try to march on the temple every day to regain control from the army: each day they are arrested before they bave progressed 10 yards. The movement is entirely peaceful.

But the Sikhs are bitter, the Akalis believe that Mrs Gandhi planted Baba Santa Singh and his Nihang followers in the Golden Temple. By enabling him to start repair work, they have been administered a sharp slap in the face. "Is this the healing touch that Mrs Gandhi talks of?" asked the angry acting president of the Akali Dal, Mr Parkash Singh Majithia. "I call it the irritating touch,' said another Akali leader grimly. "Now all Sikhs are extremists."

The truth is that the Sikhs are now hopelessly split. Without guidance from their jailed leaders, they have crumbled before Mrs Gandhi's "tough" policy and her divide-and-rule *tactics. Whether such an* approach will help bring Punjab back to mainstream of Indian life remains to be seen.

The immediate task, as the Government see it, is to check terrorism. There are still clashes with Bhindranwale's followers who have been responsible for major acts of sabotage, such as a breach in the Bhakra Canal supplying water to Chandigarh and New Delhi.

The next task is to apply the "healing touch" both to the Sikhs and Hindus so that inflamed communal passions are soothed. This is not easy because the senseless communal killings in the past two years have shattered traditional Hindu-Sikh amity.

The third task is to rebuild the demoralised civil and police administration. This is to be done by bringing in 50 per cent of government employees from other states at all levels. A start has been made with the replacement of the governor and inspector-general of police.

The economy needs immediate attention. Agricultural operations in what is the granary of India have been delayed by the army action and the non-arrival of migrant Hindu farm workers from other states. Industry is suffering from power shortages and lack of confidence in the business community that is forcing some industrialists to consider moving to other states.

All this is not easy. With the Government belatedly resorting to a "tough" policy, the Punjab economy under severe strain, the Sikh community deeply split and demoralised and communal feelings aroused, it will be a long time—if ever—before Punjab returns to normal.

U.S. combat troops start final pull out from Beirut

BEIRUT — Bulldozers shovelled away mrore "green line" barricades dividing the Moslem and Christian sectors of the city and most of the remaining small U.S. combat contingent began to withdraw to warships off the Lebanese coast.

The newly reorganised national security forces supervised civil construction workers clearing the debris still bloking some roads, while about a dozen U.S. Marines left over from the defunct multinational peace-keeping force once stationel in the city were being transported to ships

● The country's Council for Development and Reconstruction estimates the cost of rebuilding the war-ravaged country at \$33bn (£25bn) a council source said yesterday. The council last year awarded \$217m in contracts and loans for reconstruction, be said, with about \$50m earmarked for loans to Lebanese Industrialists.

The council, which is a government agency answerable to the Lebanese President and Council of Ministers, gives priority to sewerage, health services and education. The source said the cost of rebuilding Lebanon, hit by nine years of violence and civil war, would be shared equally by the pnblic and private sectors over 10 years.

Reuter

Hong Kong prime site sale set to boost market

BY DAVID DODWELL IN HONG KONG

A PIECE of prime property in Hong Kong's East Tsim Sha Tsui in Kowloon was sold yesterday for HK\$165m (£16m)—\$15m higher than the expected bid price, and a price likely to bnoy the territory's flagging property market.

It was the first major property sale since the Admiralty II site in Hong Kong's Central District was sold for HK\$360m in February. It drew three active bidders.

The 5,000 sq metre site was bought by Chinachem, a property developer headed by Mr Ted Wang. The price paid yesterday was half that paid in 1979, at the beight of Hong Kong's property boom. It was repossessed by the Government last year.

The site, the last prime location remaining for auction in East Tsim Sha Tsui, can be used for hotel, commercial or residential purposes. Chinachem was not willing yesterday to say what plans it bad for the site.

One of the major attractions for bidders was that the Government allowed payment in "Letters B" rather than cash. A "letter B" is an exchange entitlement issued by the Government to owners of land in Hong Kong's New Territories when the *land is required* for public works or the establishment of e new town.

One property analyst said yesterday that the site was the last available for development in any prime area of Kowloon. He said demand for commercial property in the area had revived strongly in recent months mainly from garment, electronics and toy manufacturers.

There was likely to be e shortage of supply between the end of this year and the end of 1986 when the Chinachem site is ready for occupation. As a result, property rental prices were likely to rise in the area for the first time in three years, he said.

NZ reaffirms nuclear ship ban

WELLINGTON: NO nuclear-powered vessels will visit New Zealand while the new Labour Government is in power, according to Prime Minister David Lange.

Mr Lange whose Labour Party swept to power in snap elections two weeks ago, said Labour's opposition to visits by nuclear-armed or powered vessels was not negotiable. It's a policy and it's a declared position of my Government," he said in e television interview.

During the election campaign Labour said it opposed the visits and that it also wanted the Anzus defence pact linking Australia, New Zealand and nthe U.S. to be renegotiated.

Mr Lange also said the South African Consulate would be closed

Agencies

LA makes much of Zhu, the man with 1bn people on his shoulders

OLYMPIC GAMES

Michael Thompson-Noel reports from Los Angeles

TALL, SKITTISH, and as frail as a flamingo, Zhu Jianhua—China's holder of the world high jump record—may be on the verge of yet another great leap upward once the Los Angeles Olympic track and field events commence.

If so, this gangling youth from Shanghai will soar even higher in the estimation of the folks back home, and confirm what is already clear in Los Angeles, that China's re-appearance in the summer Olympics after an absence of 32 years is likely to be dramatic, and may eventually exert an influence on how the world plays sport.

Zhu is just 21 — a quirky, nervy and introverted youth of almost frightening potential, who is somehow coping with enormous burdens. "When I jump," he says, "I jump with a billion people on my shoulders."

Last spring in Peking, Zhu pushed the world high-jump record to 7ft 9.25in. In Shanghai, last September, he edged it up to 7ft 9.75in. And on June 10 this year, in Eberstadt, West Germany, he raised it yet again to 7ft 10in.

In the view of one U.S. rival, Jimmy Howard, Zhu is capable of a landmark performance akin to that of Bob Beamon's, whose world long-jump record, 29ft 2.5in, set in Mexico City 15 years ago, still stands. Were Zhu an ordinary jumper, that would be like comparing a stick insect to a flying saucer.

"When somebody over here makes a good jump, we call it a Zhu jump," says Howard. "He's already a legend. He can make a Beamon jump. There are no barriers. He's capable of 8ft within the next couple of years. He's going to get better with maturity."

On the other hand, some rivals say that Zhu has been placed on a pedestal — that on a given day he is perfectly beatable, and that his relative fragility and vulnerability will count against him over the two days of the Olympic high-jump competition in the bloodlust atmosphere of the LA Coliseum. Zhu has been known to vomit at a temperature change. He seems easily traumatised, like a deer in the burning forest.

Irked — if that it not too casual a description — by the Games boycott by Russia and her allies, California had clasped Zhu and the Chinese team firmly to its warm bosom. Americans want the Chinese to do well, not only to spite the Russians, which explains the buzz of interest that accompanies the Chinese wherever they go.

The Chinese have made an instant impact. Xu Haifeng, a fertiliser salesman, won the first gold medal of the Games, in the men's free pistol. Chinese athletes won the gold and silver in flyweight weightlifting, and five Chinese gymnasts scored six perfect scores of 10 in the team competition.

All told, China has sent 226 athletes to LA. It is keen to host the Olympics before the end of the century, saying that it views the Games as a vehicle to "promote international understanding and help make peace throughout the world." Which is brave, seeing that the country's reacquaintance with the decadent West (in terms of the Olympics) is taking place in Babylon-by-the-Sea.

China withdrew from the Olympic movement in 1956, when the International Olympic Committee refused to expel Taiwan. It rejoined the movement in 1979, but observed the U.S. boycott of the 1980 Moscow Games.

The Cultural Revolution spawned many eccentricities. A champion Chinese gymnast of those times was quoted as saying that she wished "to help others so they may overtake me. Skills and experience are not private property."

Since Mao's death, China has worked hard to catch up with the sporting powers. It has achieved prominence in about a third of the Olympic sports, and was top gold-medal winner in the 1982 Asian Games in New Delhi.

But it still lags. There are no full-time athletes. Zhu gets a scholarship of about $30 a month, and lives in a dormitory at the Shanghai Sports Institute, even though he was presented with a flat for breaking the world record. Chinese body-fat content is often high. And the authorities are allegedly still too worried by the chances of defections to let their stars linger in the West.

These Chinese are also said to lack intensity. "One day," says a Western sprint coach, "I was told there would be no workout—all the sprinters and coaches had gone off to plant trees—they've got to realise how intense the rest of the world is."

Nevertheless, China's potential is enormous. America's Dwight Stones, the lovable loud-mouth of high-jumping, and one of Zhu's main rivals in LA, says Zhu's acceleration is the best he's seen in a high jumper. Over the last seven strides of his run-up, Zhu moves with incredible speed. In effect, say experts, he makes a very high long jump on his back—his flight over the bar describing a far flatter parabola than normal.

Zhu in action will be one of the sights of the Games—even with his billion countrymen on his shoulders.

Zap! The mail race is now on

By Paul Taylor in New York

THE RACE is on to tap the huge potential market in the U.S. for electronic mail—messages sent at high speed over telephone or satellite communications systems rather than through the paper-based postal network.

Among the latest companies to enter the business, which some estimates suggest could top $3.4bn in revenues a year by 1988, is Federal Express, the U.S. courier service, which has started an electronic mail system called Zapmail.

It joins a number of other major entrants into the infant industry, including ITT, Western Union, which recently announced plans to accelerate the expansion of its Easylink service, and MCI whose MCI mail service is now being extensively marketed, often in conjunction with other companies like American Express and Dow Jones.

These companies see every desk-top computer as a potential electronic mail terminal and believe customers with urgent communications needs will pay the hefty premium for their services.

But the cost of entry into the industry are enormous and the risks are high.

Optimism in Buenos Aires that IMF agreement is closer

BY ROBERT GRAHAM IN BUENOS AIRES

ARGENTINE officials are now hoping to tidy up the technical aspect of the country's long-delayed agreement with the International Monetary Fund within the next fortnight, to enable final negotiations to be concluded by August 15.

The need for an agreement with the Fund was made bluntly plain to the Argentine Government here last week by the French Foreign Minister, M Claude Cheysson, on a goodwill visit. He said that France fully supported Argentina's new democracy but warned that no French investment was possible until an IMF agreement was concluded.

Agreement has been delayed by the Government's inability to satisfy the IMF that its wages policy will not exacerbate the budget deficit but there are now some positive indications of a possible breakthrough.

The IMF is said to be more willing to accept President Raul Alfonsin's insistence that wages should be allowed to grow in real terms.

Against this, however, the IMF is demanding that budget cuts must be made in other areas. Only by conceding a rise in real wages has the Government been able to stave off rumbling union discontent and the prospects of a general strike.

One note of encouragement for the Government has been the half yearly trade figures which have shown a $2.8bn (£2.1bn) surplus, representing 80 per cent of the projected surplus. Argentina's exports are traditionally bunched into the first half of the year, however.

One other sign of some movement towards the IMF demands was yesterdays 3 per cent devaluation of the peso. The IMF is pushing for a devaluation of almost 30 per cent.

Argentina has now repaid the $300m emergency loan provided in March by Brazil, Colombia, Mexico and Venezuela, according to the governor of the central bank, Mr Enrique Garcia Vazquez, just meeting today's deadline.

Novel proposal from Venezuela

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

VENEZUELA'S plans to reschedule $22bn of public sector debt include a novel proposal to begin amortisation payments as soon as an agreement is signed, according to bankers in New York.

Talks between Sr Carlos Guillermo Rangel, Venezuela's chief debt negotiator, and a group of leading creditor banks are to continue this week in New York, but the bankers said that if the Venezuelan proposal is accepted, it would become the only major Latin American country to make net repayments of its debt in the near term.

This week's discussions are expected to concentrate on Venezuela's economic prospects. Central to its proposal is an aim to make repayments of its debt compatible with the country's projected foreign exchange cash flow during the 15-year life of the rescheduling.

Uncertainty over how Venezuela intends to handle its $7bn private sector debt remains a stumbling block however.

Canadian workers' pay revolt

By Bernard Simon in Toronto

DISSATISFACTION among Canadian workers at the terms demanded by employers in labour contract negotiations has prompted a strike among 3,700 meatpacking workers of the country's largest food processor, Canada Packers. Defying union advice to agree to a two-year wage freeze, the Canada Packers employees, in 10 plants across the country, walked off their jobs yesterday.

The strike is the culmination of several weeks of labour unrest in the food industry. Last month, Burns Meats, another processor, said it was closing its Calgary plant permanently after 600 workers went on strike in protest against management's plans for a 40 per cent wage cut.

The work stoppages coincide with the negotiation of a record number of new labour contracts in Canada this year. About 1.8m workers in both the private and public sectors are due to renew contracts during 1984.

Agreement has already been reached with several key employers in the steel, motor and forest product industries. Double-digit unemployment levels, a relatively low inflation rate and doubts about the strength of Canada's economic recovery have encouraged workers in most of these industries to accept terms unusually favourable to employers. Contracts have been signed for up to four years and in several cases trade unions have agreed to wage freezes lasting between one and three years.

The union representing Canada Packers' workers agreed last week to a two-year freeze, but its members rejected the tentative settlement in a ballot. In the previous two-year contract, workers accepted average annual increases of 11.5 per cent. The strike has brought one-quarter of Canada's meat processing capacity to a standstill.

In other sectors, rubbish collectors in a metropolitan Toronto municipality began what is expected to be a lengthy strike last week. Talks are under way to avert a crippling work stoppage by Toronto's public transport employees during August.

The number of days lost through strikes and lockouts in Canada dropped to a six-year low of 4.5m in 1983, but there are signs that this year's figure will be higher.

Weinberger on the attack

MR CASPAR WEINBERGER, the U.S. Defence Secretary said allegations of U.S. military unpreparedness made by opposition Democrats were blatantly political, patently false and dangerous to security, Reuter reports from Washington.

In remarks for delivery in Cleveland, Mr Weinberger said a Congressional staff report released last week which concluded that U.S. forces were unready for war was almost a year old and based on two-year-old data. The timing of its release in an election year "was obviously suspect," he said.

Conclusions by the staff of the Democrat-controlled House of Representatives appropriations committee "are not only blatantly political and patently false and damaging to our deterrent strategy which helps keep the peace," he said.

The report was dangerous because "our adversaries need to know that America has the capability and the will to do what is necessary to deter war."

Nicaraguan rebels killed

THREE hundred U.S.-backed rebels from a 3,000-strong force which penetrated Northern Nicaragua have been killed in fighting over the past month, Nicaraguan Defence Minister Humberto Ortega said yesterday, Reuter reports from Managua. The force entered Jinotega province at the beginning of July from bases in Honduras, he said. Troop reinforcements would be sent to the area.

MEXICAN AUSTERITY

De la Madrid stumps the country offering little except reassurance

BY DAVID GARDNER, RECENTLY IN GUADALAJARA

IN AN amphitheatre in western Mexico—improvised from a fleet of buses chartered to bring the faithful and beholden into the Presidential presence—one small act in the international debt crisis was recently played out. President Miguel de la Madrid of Mexico was out on the stump.

It is not that there is a threatening date with the polls looming, and Sr de la Madrid himself is not, in any case, eligible for re-election when his term expires at the end of 1988. Nor, at the moment, is there the ghost of a chance that the Institutional Revolutionary Party (PRI), 55 years in power, will lose the high ground of Mexican politics, however discredited and sclerotic it has emerged from a decade-long oil and credit binge.

It is that holding together a megadebtor as big and as complex as Mexico throughout the worst recession since the 1930s involves its president in a punishing round of travelling the country, making some form of contact with more people probably than any other leader of a country of comparable size. Sr de la Madrid reckons to cover the whole republic once a year.

President De la Madrid . . . keeping the peace

On this occasion he was standing in the centre of a transport depot on the outskirts of Guadalajara, the country's second city.

A group of trade unionists swore allegiance to the flag and the national anthem was sung. Detailed reports on improvements to the city's transport infrastructure followed. All except the president perspired profusely in the mid-morning heat. The amphitheatre was packed with PRI-controlled trade unionists and a sprinkling of peasants and party and state functionaries who applauded enthusiastically, missing only one cue from the master of ceremonies.

This was the second stop of the morning, the first was the opening of a new water purification plant. On the way to the third stop—for the Health Minister to announce plans to decentralise hospital services—Sr de la Madrid outlined some of the achievements of his first 18 months in office.

In this period the real purchasing power of Mexican workers has fallen by about a third, private investment by about a half, and the public sector deficit is on its way to being nearly quartered. In this climate of unparalleled austerity, in which Mexico has turned round its external accounts and got about half way through the rescheduling of its $87bn foreign debt, the president stresses what has not happened. The industrial base of the country remains largely intact, there have been no mass close-downs, employment levels have largely been held: there have been no mass redundancies. Most of all, there has been no widescale social unrest and few instances of violence.

But nervousness about what Mexico will be able to offer its 75m plus citizens from now on—weighed down by rising international interest rates and growing trade barriers to its few non-oil exports—has been heightened by the recent events in Bolivia and the Dominican Republic, among the weakest links in the brittle Latin American debt chain.

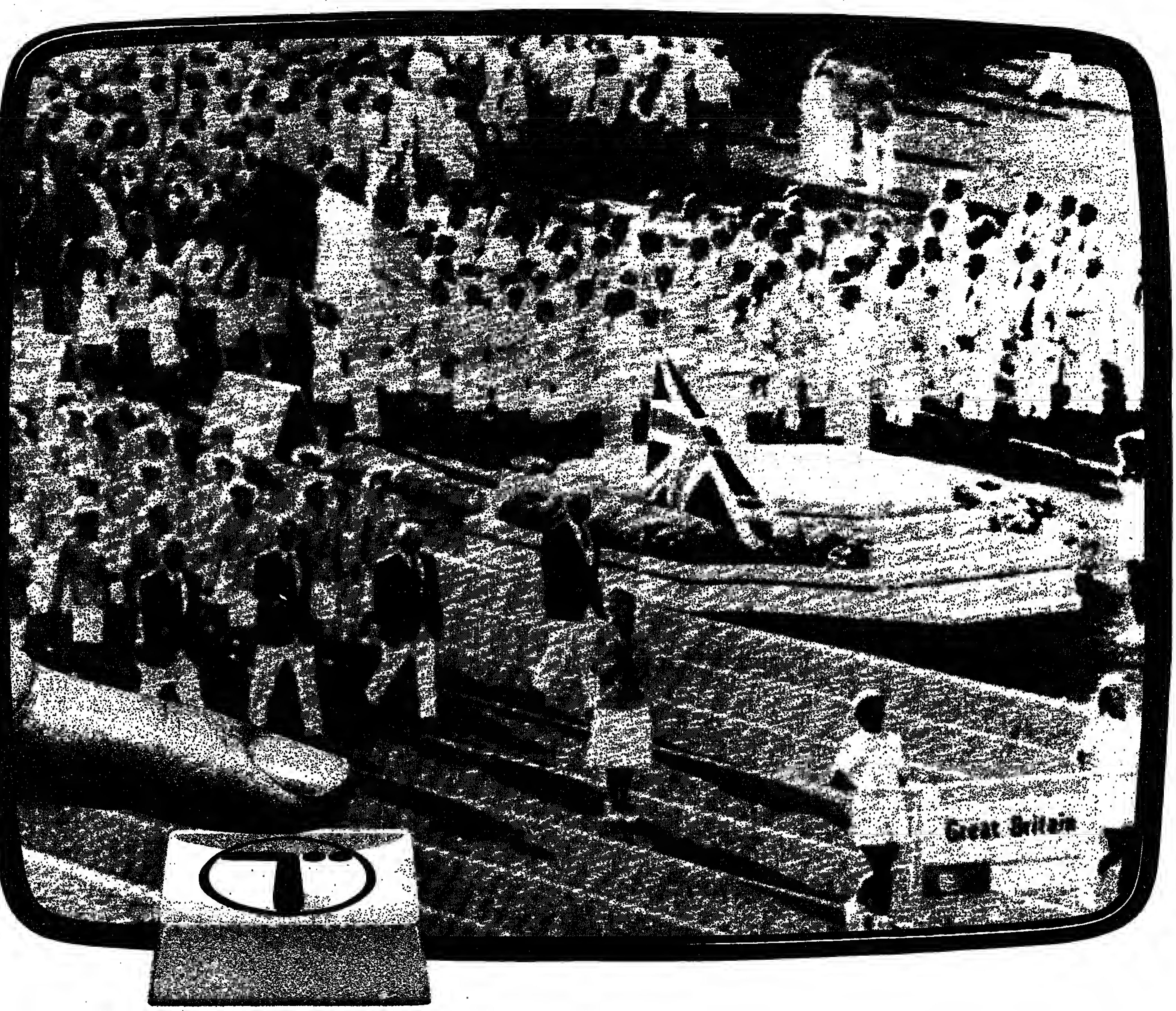
The spectre of similar social unrest or of a major upset on debt turning the credit market against Latin America as a whole has forced Mexico to reconsider its debt strategy, held up internationally as the epitome of orthodoxy. This approach is now twin-track: though Mexico continues firmly to back a case-by-case approach to indebtedness, Sr de la Madrid insists that it will keep up multilateral and regional pressure for reforms in the international trade and financial systems.

Mexico desperately needs to be able to offer more drinking water plants, buses and roads, and hospitals. In the meantime, the President travels the country with what little there is on offer, and above all by offering his physical presence, reassurance and a mental foothold on the Olympian concepts of nation and fatherland, deeply felt by the immense majority of Mexicans.

After a day spent listening intently to numbingly tedious expositions on water and roads, Sr de la Madrid suddenly issued a call for an end to recent divisions in the official trade union movement and for the strengthening of the traditional alliance between organised labour and the government.

At the transport depot in Guadalajara, a peasant grandmother from a neighbouring town gave up waiting beside the presidential bus for a closer look at her head of state. "The president may not be hungry but I am," she said, referring to it being time for lunch rather than whether there was anything to eat. Mexico is being stretched to the limits of its ability to ensure that the majority of its people are able to say the same thing.

Press for Olympic success



At 4 pm on July 28th the 1984 Olympic Games officially opened.

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Our Earth Stations are relaying this year's Olympics to over 20 European countries.

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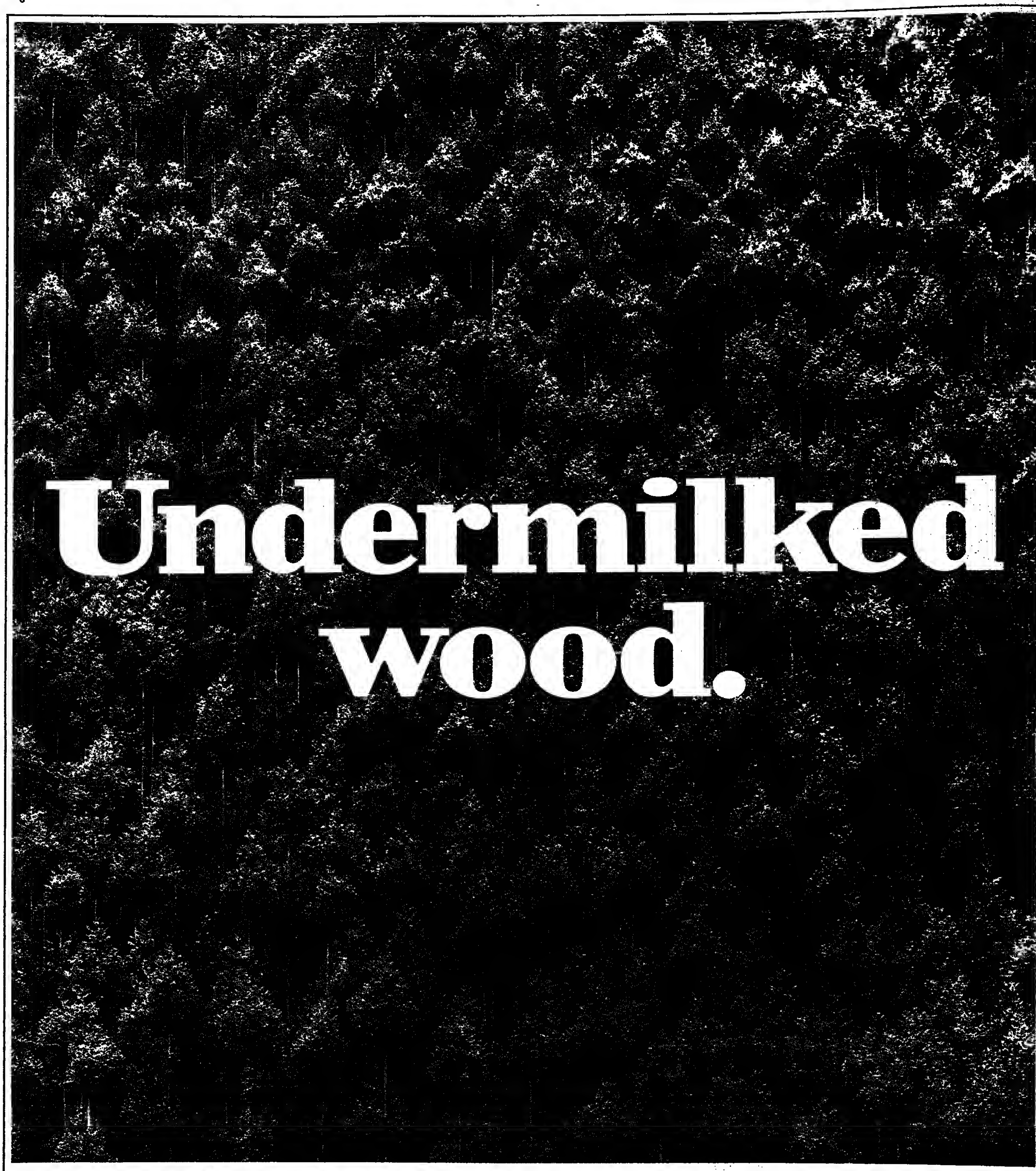

(Or how some of the world's best foresters are growing a £96,000,000 industry in Wales.)

As you can see, Wales isn't short of the odd tree.

These small-diameter coniferous roundwoods (as foresters like to call them) grow in both the north and south.

And a new mill at Shotton, Clwyd, is opening to make good use of them.

What, you might ask, has this woodland tale to do with you?

In fact it's an example of how far the Welsh Development Agency goes to develop a new business opportunity.

We commissioned a feasibility study on forestry in Wales.

And sent the findings to the giants in the paper industry.

And to the major banks in Europe, Scandinavia and South America.

Now United Paper Mills, of Finland, are moving in.

But it's the feasibility of your move to Wales that matters to you.

Perhaps it's help with finance that you need.

Or your main concern could be whether the right factory or green-field site is available.

Or if transport facilities are right.

Or that the workforce is sufficiently willing and adaptable.

Hundreds of companies have come here over the last few years precisely because they have found they can make the products they want and the profits they need.

The WDA has put together a package of information telling you why your business would benefit from a move to Wales.

It's completely free and you can get it by sending off the coupon.

Mail it today; it could be your first move towards the top of the tree.

I am thinking of relocating my existing business/establishing a new one. Please tell me why Wales will be right for me.

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Position____________________

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WORLD TRADE NEWS

Cresson in talks to boost French role in Iraqi oil projects

BY DAVID MARSH IN PARIS

MME EDITH CRESSON, France's Industry and Trade Minister, is holding a fresh round of talks with the Iraqi Government in Baghdad about the possibility of French participation in the country's oil infrastructure projects.

Mme Cresson, who was given charge of the industry portfolio to add to her previous job as Trade Minister in this month's Government reshuffle, is the latest in a series of French ministers to hold discussions on strengthening Franco-Iraqi ties.

In spite of mounting financial difficulties caused by the long-running war with Iran, France has stood firmly to its position as the West's major supplier of arms and equipment to Baghdad. Over the past year it has allowed Iraq a substantial rescheduling of trade debts and has stepped up arms supplies, including the delivery last autumn of five Super Etendard aircraft which other western governments feared would increase Baghdad's capacity to attack international shipping in the Gulf.

Mme Cresson's visit, which follows her talks in Baghdad last November and a trip to Paris by a top Iraqi minister in February, will give the French the opportunity for discussions on a mooted project to build a pipeline from Iraq to the Red Sea via Jordan.

Mme Cresson: discussions on Red Sea oil pipeline

The idea has been put forward to increase Iraq's oil export potential, severely curtailed by the Iran conflict, but important financing questions need to be cleared up before work can start. Iraq is also believed to want to discuss a refinery project with the French.

Many French companies traditionally involved in Iraqi business, such as Thomson, Spie Batignolles and Bouygues, havo taken a cautious line on their exposure because of the country's financing difficulties.

Swiss to probe sales of Pilatus trainer aircraft

BY ANTHONY McDERMOTT IN GENEVA

THE SWISS Defence Ministry has set up a board of inquiry into sales of its PC-7 trainer aircraft by Pilatus, the subsidiary of Oerlikon-Buehrle, the Zurich-based arms manufacturer.

The inquiry will decide whether Pilatus has broken Swiss law by selling the planes in the knowledge that they could be easily transformed into ground support attackers.

Over 380 PC-7s have been sold since the aircraft came into productions in the early 1970s. The Swiss air force has bought 40 but other clients have been Angola(12), The United Arab Emirates (14), Bolivia (36), Guatemala (12), Iraq (52) Iran (around 80).

Neutrality is a key plank in Switzerland's foreign policy and Swiss law forbids the export of weapons to "territories where armed conflict has broken out or threatens to break out, or where dangerous tensions reign."

The inquiry was prompted by a report in Le Matin, the Lausanne newspaper, which confirmed that the versatile PC-7 turbo-prop trainer could easily be transformed into a ground attack fighter with missiles attached to its wings.

Apple wins copyright injunctions in Singapore

By Chris Sherwell in Singapore

APPLE COMPUTER, the U.S. manufacturer of personal computers, has won high court injunctions in Singapore preventing 19 companies infringing Apple's registered patents.

The legal action, part of a stepped-up campaign by Apple to eliminate computer counterfeiting and piracy, is the company's second against Singapore retailers of fake products. In early 1983, Apple acted successfully against 11 retailers and one assembler in Singapore.

The latest court move was made last week, and followed expressions of concern voiced earlier this month by Mr George Shultz, the U.S. Secretary of State, about the lack of copyright protection in Singapore.

In May a visiting U.S. delegation campaigning against counterfeiting and piracy of records, books, motion pictures and computer software in Singapore left empty-handed after seeking assurances that the island state would frame and enforce an effective copyright protection law.

Mr John Sanders, general manager of Apple Computer International, said last week that Singapore's reputation as a major commercial centre for South-East Asia would "only suffer unless a stop is put to the pirating of intellectual property."

The company says it intends to pursue a "vigorous and exacting" legal campaign against assemblers and distributors of computer products that infringe Apple patents and copyright. It believes the legal tide is turning in its favour.

Early this year, a U.S. federal court found against Franklin Computer Corporation for copying 14 of Apple's operating systems. In May, Apple won an appeal in Australia against a Taiwanese assembler producing a computer called a Wombat.

The latest action is described by the company as a "holding procedure" pending a further court hearing at which the accused companies can respond to Apple's allegations.

A spokesman said some of the Singapore companies named in the first Apple action were in the second.

Kieran Cooke reports on confusion over taxes and other uncertainties

Investors in Indonesia hold fire

ALARM BELLS started ringing in Jakarta a few weeks ago when the Indonesian Government published figures showing a sharp slide in the value of both new domestic and foreign investments.

The disclosure seemed to stand in sharp contrast to the general bullishness about the economic prospects of Asia's largest oil and gas exporter, especially after the Government's effective series of austerity measures begun 18 months ago.

Nor was it the only awkwardness to have emerged recently. The Government also had to postpone its much-vaunted plans to introduce a value added tax, putting implementation off a full year and a half to the start of 1986 and thereby delaying completion of the wholesale tax reform begun at the turn of the year.

To some Government officials, the two factors were not unrelated. In their view, uncertainty and confusion over Indonesia's taxation system had clouded the investment environment. In fact, matters are more complicated, even though the investment figures are certainly discouraging.

The figures showed that not a single new foreign investment project was licensed in the first quarter of 1984. In the same period of 1983, 11 projects worth US$ 1.2bn were approved.

The number of domestic projects also fell sharply, from 47 (worth Rp185bn or £137m) to a mere seven (worth Rp22bn). Ominously, applications for both foreign and domestic investments also plunged, making the outlook seem even bleaker. Total investment in Indonesia in the first half of this year was $923m (£699m), compared with $3.5bn in the same period last year.

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Mr Suhartoyo, chairman of the Investment Coordinating Board, which published the figures, was one of those to blame the tax laws. He said that investors were adopting a wait-and-see attitude. While that is clearly part of the explanation, it needs qualification:

● The figures themselves do not precisely reflect the investment climate. They do not include investments in the dominant oil and gas sector, and investments generally do not all have to be approved by the Board. Those domestic investment applications which do, moreover, previously got a tax advantage, but do so no longer.

● Bankers say that because most foreign companies dutifully pay their taxes while many domestic companies escape them, the new tax laws are likely to have affected domestic investment more than foreign investment.

● Although Indonesia's economic growth has picked up in the past year, the effects of the worldwide recession and of the Government's austerity measures are still being felt. The private sector has suffered in the squeeze, and the figures show the results.

The apparent investment downturn is nevertheless embarrassing, especially as Indonesian missions are visiting numerous foreign capitals to woo investors and so much is pinned on the new five-year plan introduced earlier this year.

In relation to this, some businessmen point to a growing Indonesian economic nationalism which they feel could deter long-term foreign investors. For example, any foreign company setting up in Indonesia must sell a majority of its equity to its local partner within 10 years or float shares on the local stock exchange.

In the agricultural sector, regulations stipulate that local partners must hold the title to land. They cannot even use this as collateral for bank loans.

One worrying sign of this sort of nationalism has come recently with talk of reducing the number of expatriate workers in the country. A number of "expulsions" this year have been given wide publicity, and Mr Sudomo, the Manpower Minister, has said he wants a 15 per cent annual reduction in the number of expatriates over the next five years.

A higher priority for the economy, it is widely believed, might be greater deregulation and less corruption. But even in the present climate it is clear that the Indonesian market offers considerable attractions: size (160m people), an absence of foreign exchange controls and political stability.

Unless world oil prices slump, which would badly hurt Indonesia, these factors may ultimately be far more important than a change in tax laws or a resurgent nationalism in determining Indonesia's economic future.

U.S. ban sought on slave labour imports

THE U.S. Treasury is under increasing pressure to enforce a 54-year-old, rarely-invoked law which bars the import of products produced by slave labour, Nancy Dunne reports from Washington.

Specifically the pressure is directed towards imports from the Soviet Union which, according to some government estimates here, employs about 4m convicts to produce exports.

However, some U.S. officials fear that to cut off Soviet imports would provoke retaliation against U.S. agricultural products. Mr Donald Regan, the Treasury Secretary, has refused to act on the matter until the U.S. International Trade Commission completes a study—due out in November—after the presidential elections.

A petition filed by a bipartisan group of 84 congressmen in May demanded that the U.S. Customs Service, part of the Treasury Department, immediately bar "slave labour" imports even if it is unclear which products are actually produced by convicts.

Because the petition failed to achieve any results, the Washington Legal Foundation, a non-profit, public-interest law firm backed by many congressmen and senators, is planning to file a suit with the Court of International Trade next month demanding immediate action from the Treasury.

The petitioners estimate that of the Soviet exports to the U.S., worth about $250m a year, about $160m are goods with forced-labour-produced components.

"The continued failure of the Customs Service to enforce (the law) may contribute to criminal conduct by those who transport Soviet slave-made goods," the petition maintains.

Moscow plans gas pipeline to East Europe

MOSCOW—The Soviet Union announced yesterday a proposal to build a natural gas pipeline for its East European allies, apparently to compensate for future stagnation or decline in oil deliveries.

Mr Nikolai Ryzhkov, industrial chief in the Communist Party Central Committee, said Moscow had suggested the allied states help build the new pipeline, which would pump 20bn to 22bn cubic metres of gas a year from western Siberia.

He said the proposal was made at a summit of the Comecon trade grouping in Moscow last month but gave no date for the start of construction in his article in the party daily Pravda.

Western diplomatic experts on Soviet bloc trade said the offer of extra gas was intended to make up for stagnation or possible decline in Soviet oil deliveries in coming years.

Moscow cut oil deliveries to its East European partners by an average 10 per cent two years ago and senior Soviet officials have made clear they can expect no further increases in future.

Reuter

Trinidad in urea accord with Peking

TRINIDAD AND TOBAGO is to supply China with 40,000 tonnes of urea, following the signing of a commercial agreement between the two countries, *Canute James reports from Kingston.*

The shipment will be made in the last quarter of this year, and will earn the Caribbean state $20m. The urea will be produced by a state-owned plant built by Snamprogetti of Italy.

A Government statement in Trinidad said that further contracts for urea are to be negotiated. This is likely when Mr George Chambers, the Prime Minister, visits Peking sometime next year.

BHP increases steel sales to China

Broken Hill Proprietary (BHP) of Australia announced yesterday it had reached agreements to China that would boost sales of its steel products to 300,000 tonnes in 1984, AP-DJ reports from Melbourne.

Mr Bill Farrands, BHP steel division general manager said the most recent sale of about 50,000 tonnes in steel products, will bring the company's sales to China to about A$70m (£6m).

Mr David Rice, executive general manager of BHP's steel division, told reporters yesterday that BHP officials are continuing talks on the possibility of reopening sales of pig iron to China from its Kwinana furnace south of Perth, and there is a "50-50 chance" that an agreement will be reached.

Australian gas exports

A senior Broken Hill Proprietary (BHP) official said he expects a sales agreement for the export phase of the North West Shelf gas project to be signed by the end of 1984, Reuter reports from Melbourne.

Mr Russell Fynmore, executive general manager of BHP Petroleum, said he expects heads of agreement between the shelf joint venture partners and Japanese utilities to be signed in September before a formal sales agreement.

Japan's vehicle sales

Japan exported 499,000 vehicles in June, up from 489,100 a year earlier, but down from 525,300 in May, the Japan Automobile Manufacturers Association said, Reuter reports from Tokyo.

The June total comprised 326,200 cars, 168,300 trucks and 4,500 buses, valued at $2.99bn, up from $2.76bn a year earlier but down from $3.25bn in May.

MINERS' UNION IN WALES THREATENED WITH SEIZURE OF ASSETS

Judge fines NUM for contempt

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

SOUTH WALES area of the National Union of Mineworkers (NUM) has been fined £50,000 by a High Court judge in London for contempt of court and faces sequestration of its assets if the fine is not paid.

Mr Justice Park said he was satisfied that area officials had broken orders made on April 17 restraining the South Wales union from interfering with lorries owned by two Gloucestershire haulage companies carrying coke from the Port Talbot, Wales works of the British Steel Corporation.

The companies had claimed that their drivers had been stoned, abused and intimidated by pickets outside the works.

The judge said that the union's officials appear to be completely indifferent to the consequences of the pickets' violent behaviour."

He also gave the two companies – Richard Read (Transport) and George M. Read – leave to issue writs of sequestration against the assets of the South Wales area.

He said he would give the union's officials 48 hours for reflection: the sequestration writs would "lie in the office" until tomorrow.

The judge ordered sequestration because he had been told of a newspaper report that the union might be seeking to avoid payment of any fines which might be imposed by the court by transferring its funds into its leaders' private bank accounts.

Mr Justice Park said that he had decided – "with some hesitation" – that a fine would be a more appropriate penalty for the contempt than orders jailing the South Wales' president, Mr Emlyn Williams; vice-president, Mr Terry Thomas; and general secretary, Mr George Rees.

Neither the South Wales union nor the named officials had taken any part in the court proceedings.

The judge did not say whether the sequestration writ would cover the whole of the union's assets or be limited to sufficient to cover the fine and the costs of the sequestration.

However, the companies' solicitors said later that all of the assets could be seized and that it would be for the sequestrators to seek to have the extent of the writ varied if they thought fit.

Mr Philip Naughton, the companies' counsel, had suggested to the judge that the order should exclude two charitable funds operated by the union.

The judge said that he had no evidence about that, and when the companies had discovered what the position was an application could be made to the court.

In his judgment, Mr Justice Park said that the April 17 injunctions had ordered the union not to continue to instruct or otherwise encourage its members to stop, approach, or in any other way interfere with the free passage of the companies' vehicles into and out of the Port Talbot works, or to abuse or threaten the drivers.

He said it was plain from the undisputed evidence that since the injunctions were granted they had been broken on numerous occasions.

The court had seen a letter written by Mr Williams in which he said his members would comply with the injunction, but there was no evidence from which to infer that Mr Williams had revoked instructions to his members to interfere with the companies' vehicles and intimidate their drivers.

The judge was satisfied that the union and its officials had been guilty of numerous breaches of the injunction, resulting in serious interference with, and disruption of, the companies' trade and business, and in serious intimidation of their drivers.

The officials were thus in contempt of court. He said the companies had said that they had no quarrel with the union. They sought the court's protection so that they could carry on their businesses freely and without interruption, and without their drivers being put in fear of serious injury or worse.

Having regard to the manner in which the union had deliberately defied the court orders, any fines would have to be substantial – £25,000 in respect of the injunction granted to each company.

NGA ordered to pay £125,000 damages

BY FINANCIAL TIMES REPORTER

THE National Graphical Association (NGA) print union was yesterday ordered to pay more than £125,000 damages to Mr Eddie Shah, the chairman of the Messenger Newspaper Group, by a judge who blamed them for "mobocracy and intimidation at its worst" during a six month dispute with the firm last year which saw violent scenes on picket lines.

Mr Justice Caulfield said at the High Court in Manchester that he was sure that in the eyes of the NGA Mr Shah was "a monster."

"Historically he could well become the most hated and despised enemy of the union in particular, and associated trade unions in general."

The judge said the union had "been at war" with Mr Shah and attempted to wreck his business because he refused to have closed shops (unionised only workforce) at his three plants.

The dispute cost the NGA £75,000 in fines for contempt of court orders banning mass picketing. It was seen as a test of trade union resistance to the Government's employment laws, which outlaw mass picketing.

Picketing crumbled after Mr Len Murray, the general secretary of the Trades Union Congress, came out against a proposed one-day national printing strike declared unlawful by the High Court.

Mr Murray's policy created much bitterness among the more militant trade unionists who supported the NGA.

Seven national newspaper publishers were granted a High Court injunction against the NGA to ban a repetition of the walkout by printers which stopped publication of all national newspapers for one day.

Mr George Jerrom, national officer of the NGA, said the union would be considering whether to appeal against the decision at its national council meeting.

"We didn't expect anything less than this from legislation which does not help industrial relations," he said. "It keeps us and other trade unions in a straitjacket. I am not really surprised by the decision, but we will continue to urge the trades union congress to make this law inoperable."

'Too few' trained for automated technology, says industry survey

BY ANDREW TAYLOR

BRITISH manufacturing companies are spending more on automating factories but are finding difficulty in providing sufficient trained staff to operate new machines, according to a survey published today.

The survey, conducted among 1,000 senior managers and directors of manufacturing companies with more than 100 employees, was compiled by Works Management magazine and Burroughs Machines.

It shows that capital spending on automation in 1984/85 is expected to be 31 per cent higher than during the corresponding period two years ago.

However, an increasing number of companies, compared with a similar survey conducted 18 months ago, are reporting difficulties in providing adequately trained staff to take advantage of new machinery says the study.

"At face value, this indicates that things are getting worse, but the situation is not that simple," says Works Management.

"More problems are being faced now because more companies are looking seriously at automated technology. It is the recognition of the problems, rather than the number of problems, that is increasing."

According to the survey, 37 per cent of companies, compared with 31 per cent 18 months ago have experienced problems in training staff for factory automation. Shortages of skilled line managers and supervisors were among the greatest difficulties reported by companies.

"As companies go further down the automation road they are finding that insufficient technical expertise is more and more a barrier. A quarter of the companies surveyed now complain of a lack of expertise, compared with 15 per cent 18 months ago," the survey says.

"It does appear that companies are at last realising the importance of first-line management and supervisors. The greater the levels of automation, the greater the demands on technical competence, planning and control skills.

"The greater use of computers in the factory, particularly for production control and factory data collection, has been partly responsible for highlighting weaknesses in this respect.

"It is more than coincidental that 80 per cent of the respondents who are worried over line managers and supervisors have recently installed or are currently installing production control and factory data collection systems."

The survey said that purchases of computers were particularly encouraging, and had exceeded forecasts made by companies during its previous study.

Purchases of robots by manufacturing companies were more disappointing, the survey says. "Only 5 per cent of respondents purchased a robot during the last year, against a planned level of 12 per cent, while pick-up-and-place units were installed by more companies (7 per cent) against a planned uptake of 17 per cent."

Coal takes 55% of extra funds

BY MAURICE SAMUELSON

THE LATEST tranche of additional Government funding for the coal industry accounts for well over half the additional provision sought by all other government departments, the House of Commons Select Committee on Energy said yesterday.

It was commenting on the £293m supplementary estimate for the National Coal Board (NCB) which the Energy Department had presented to the House of Commons in the middle of last month.

The sum accounted for 55 per cent of the total additional provision sought for all other departments and was by far the largest individual supplementary estimate, the committee said.

The figure included £269.5m of deficit grant, to meet the cost of the industrial dispute, subsidence damage and the NCB's underlying trading position.

Earlier this year, the Energy Department requested an increase of £199.5m in redundancy payments for almost 20,000 miners whom the board had hoped to shed from the industry in 1984-85.

The money is needed to tempt younger men to leave the industry in line with the board's controversial rationalisation plans.

The NCB has ceased to process redundancy applications because of the current strike. However, yesterday's Select Committee report shows that this money is still available should the strike terminate during the present financial year.

Otherwise, it will be reabsorbed into the Government's finances.

Last week, the NCB announced a loss before deficit grant of £875m in the last financial year.

The latest estimate brings the total estimate for 1984-85 to £1.3bn, and the total provisions since March 1983 to £2.2bn.

The committee noted that "further provision is likely to be required in respect of 1984-85 to cover the costs of the present industrial dispute."

Research fleet in need of renewal

By David Fishlock, Science Editor

UP TO £50m must be found to replace Britain's ageing fleet of ocean-going research vessels, marine scientists have been warned.

In a consultation paper circulating among British marine scientists, the National Environmental Research Council (NERC) – their chief source of funds – says the cost of replacing its most costly research tools will place a great strain on its funds.

All but one of its fleet of eight vessels will need replacing in the next decade, it says.

The exception is the RRS Charles Darwin, a new £7.25m investment representing "the most expensive piece of equipment NERC has ever bought," which is undergoing acceptance trials.

The council's other three general-purpose research vessels are either elderly, as is the case with the RRS Discovery, built in 1962, or expensive to run, as is the case with the RRS Challenger and RRS Frederick Russell.

The council must also replace the two ageing vessels supporting the research of the British Antarctic Survey. The older one, RRS John Biscoe, was built in 1956 and is described as being "in imminent need of replacement."

The paper offers several possible options as a basis for a ship replacement policy. One is a straight replacement of the council's five main vessels, at a total cost put between £42m-48m.

A cheaper scenario involves some rearrangement of the roles of its vessels, the replacement of the RRS Frederick Russell with a carbon copy of the RRS Charles Darwin, and a new diesel-electric propulsion system for the RRS Challenger.

FT COMMERCIAL LAW REPORT

Appeal exceptional in arbitration cases

ANTAIOS COMPANIA NAVIERA SA v SALEN REDEVIERNA AB

House of Lords (Lord Diplock, Lord Keith of Kinkel, Lord Scarman, Lord Roskill and Lord Brandon of Oakbrook): July 28 1984

A COMMERCIAL judge who hears an application for leave to appeal from an arbitration award should not allow prolonged argument; and on reaching a decision he should not give his reasons nor give leave to appeal from the decision unless, due to changing practices, the case calls for amplification, elucidation or adaptation of the existing guidelines as to how he should have exercised his discretion.

The House of Lords so held when dismissing an appeal by shipowners, Antaios Compania Naviera SA from the Court of Appeal's dismissal of their appeal from Mr Justice Staughton's refusal to grant them leave to appeal from an arbitrators' award that they had wrongly withdrawn their vessel from the service of Salen Redevierna AB, charterers.

Section I of the Arbitration Act 1979 (as amended by section 148 of the Supreme Court Act 1981) provides: "(3) Appeal (from an arbitration award) may be brought... (b) ... with the leave of the court...

(6A) Unless the High Court gives leave, no appeal shall lie to the Court of Appeal from a decision of the High Court – (a) to grant or refuse leave under subsection (3) (b)..."

LORD DIPLOCK said that on November 3 1978 the Antaios was chartered on a three-year time charter in the New York Produce Exchange form, incorporating the standard withdrawal clause.

The clause provided that "failing the punctual and regular payment of hire or on any breach of this charterparty the owners shall be at liberty to withdraw the vessel from the service of the charterers."

By May 1980 market rates of hire had risen. It was very much in the shipowners' interest to withdraw the vessel, though the charter was only half-way through its term. They purported to do so on May 20, and the charter was reinstated two day later.

Disputes between the shipowners and charterers were submitted to arbitration. The arbitrators awarded that the shipowners were not entitled to withdraw the Antaios. The award was accompanied by reasons which devoted 78 pages to that issue.

On July 30 1982 the shipowners applied to the High Court under section 1(3) (b) of the Arbitration Act 1979, for leave to appeal from the award with regard to the true construction of "on any breach of this charterparty" in the withdrawal clause.

Leave to appeal was refused by Mr Justice Staughton, but he gave leave under section 1(6A) of the Act, to appeal from his refusal. The appeal was dismissed by a majority in the Court of Appeal.

In the Nema (1982) AC 724 the House of Lords laid down guidelines as to the circumstances in which the statutory discretion to grant leave to appeal from arbitral awards by section 1(3) (b) ought to be exercised.

The present case disclosed a need for some addition to the Nema guidelines, particularly in relation to the practices to be followed on refusal by a commercial judge of leave to appeal from an arbitral award.

The arbitrators' reasons for deciding against the shipowners were that "any breach of this charterparty" in the withdrawal clause, meant repudiatory breach; and that "on" immediately preceding "any breach", meant "within a reasonable time of" the shipowners' first knowledge of the breach.

They added a reason based simply on business commonsense, that "a purposive construction should be given to the clause so as not to defeat the commercial purpose of the contract."

In that they anticipated the approach to construction of commercial documents voiced by the House of Lords in Miramar (1984) 3WLR 1. If detailed semantic and syntactical analysis of words in a commercial contract was going to lead to a conclusion which flouted business commonsense, it must be made to yield to business commonsense.

In the Court of Appeal it was common ground that because of conflicting dicta in cases reported at first instance, which indicated two schools of thought among commercial judges as to the construction of "any breach," Mr Justice Staughton would have been right to give leave to appeal from the award. That common ground was accepted by the majority in the Court of Appeal.

Under the Nema guidelines, "leave should not be given unless the judge considered a strong prima facie case had been made out that the arbitrator was wrong." That guideline applied, even though there might be dicta at first instance suggesting two schools of thought.

Decisions were one thing; dicta were another. They were persuasive only. Also the fact that only dicta could be found suggested that a choice between rival meanings was not in practice of sufficient commercial importance to justify litigation, or that contracting businessmen shared a common understanding as to the meaning of particular words or phrases.

It was in the very nature of judicial discretion that within the bounds of "reasonableness" one judge might exercise the discretion one way, and another judge another way. Two schools of judicial opinion, appearing in dicta only, would not normally provide a reason for departing from the Nema guidelines.

Mr Justice Staughton rightly applied the Nema guidelines to the "reasonable time" point, despite judicial dicta which indicated two schools of thought as to the juristic basis of the requirement that notice of withdrawal should be given within a reasonable time.

Also he rightly concluded that leave to appeal to the Court of Appeal should be granted under 1(6A) only where a decision whether to grant or refuse leave to appeal from the award under 1(3)(b) called for amplification, elucidation or adaptation to changing practices of existing guidelines laid down by appelate courts. Leave should not be granted in any other cases.

To the sole type of case in which 1(6A) leave might be given, the judge ought to give reasons so that the Court of Appeal might be informed of the lacuna, uncertainty or unsuitability in the light of changing practices, that the judge perceived in the existing guidelines. He should also give reasons for the way in which he exercised his discretion.

Save in the exceptional case in which he did give leave under 1(6A), because it fell within thet limited category, a judge ought not normally give reasons for a grant or refusal under section 1(3)(b). He should follow the House of Lords' practice oo a petition for leave to appeal, which was to say, at the close of short oral argument, nor more than that the petition was allowed or refused.

Save in very exceptional circumstances, there was no good reason why a commercial judge, in disposing of an application under 1(3)(b), should do more than that.

All that he had to decide was whether the dispute was about a one-off clause or event, or a standard term or event.

If it was the former, he must then consider whether the arbitrator was so obviously wrong as to preclude the possibility that he might be right. If it was the latter, he must consider whether a strong prima facie case had been made out that the arbitrator was wrong. Unless the answer was "yes," he should refuse leave to appeal.

To permit prolonged and costly arguments on applications under 1(3)(b), assisted in frustrating Parliament's policy in enacting the 1979 Act which was to promote speedy finality in arbitral awards.

With regard to the extent to which detailed argument should be tolerated on such applications, it was again appropriate to follow the House of Lords practice in petitions for leave to appeal in civil actions. Generally a brief oral hearing inter partes was permitted, of 10 to 15 minutes' average duration.

If argument of that length was adequate to enable the House of Lords to decide whether leave ought to be given, it should be good enough for commercial judges.

The appeal should be dismissed.

LORD ROSKILL, agreeing, said that one purpose of arbitration, especially in commercial disputes, was the avoidance of delays traditionally associated with judicial process.

If arbitrators' reasons were to be given with such elaborations in the present case, the very preparation of those reasons must defeat the possibility of obtaining a speedy arbitral decision.

For the shipowners: Gordon Pollock QC, Angus Glennie and Geraldine Andrews (Richard Stokes & Co.)

For the charterers: Mark Saville QC and Timothy Young (Richards Butler & Co).

By Rachel Davies
Barrister

UK NEWS

MPs decline to step in over row with Sun Oil

BY IAN HARGREAVES

AN ALL-PARTY committee of MPs *yesterday refused to act as umpire* in the row between the Department of Energy and Sun Oil over the U.S. company's decision earlier this year to place a £110m North Sea production platform in Sweden rather than in Britain.

After reviewing detailed evidence from both sides, the Commons energy committee decided "it would not be appropriate for us to attempt to adjudicate on the merits of this individual case."

The committee did, however, agree to publish most of the evidence it received, with the exception of a confidential note from the department concerning the assurances given by Sun about UK content for its project in the Balmoral oilfield.

"We hope that by publishing the evidence from both parties to the dispute we will enable others to form their own judgment," yesterday's report says.

The crucial question in the dispute – whether the Government has the power to impose sanctions against any oil company which violates an understanding on UK content – is examined from both sides in this evidence.

Sun argues that the agreement with Government is a "gentlemen's agreement," and that "the Balmoral group do not believe that the assurances *constitute* a binding agreement."

Sun's position is that it can still achieve the 70 per cent plus UK content agreed with the minister, in spite of having placed an order for the floating production platform with Gotaverken Arendal of Sweden.

The basis for UK content agreements in North Sea developments is a memorandum signed by the oil companies in 1975, guaranteeing "full and fair opportunity" for UK bids.

The Department of Energy's memorandum accepts that "procurement performance is not a licence condition" and that "there are no sanctions such as revocation of the licence which could be applied to a company which performs badly in this respect."

However, the memorandum makes it clear thet any company performing badly on content might suffer when applying for future North Sea licences.

"When a company is an applicant for a new production licence *its* past performance is considered. Providing full and fair opportunity for UK companies to compete for offshore orders and its success in contributing to the UK economy are among the criteria taken into account in the assessment of the applicant's suitability for the *licence*," the memorandum states.

The Offshore Supplies Office was involved in drawing up bidding lists

Seven UK companies – Howard Doris, UIE (UK), McDermott, Harland and Wolff, Highlands Fabricators, Ayrshire Marine and Cammell Laird appeared on the initial bid list.

Eventually, Cammell Laird emerged as the front-runner, even though Sun thought its bid involved too many man-hours.

Cammell's efforts on the contract, however, ran into trouble because of British Shipbuilders' industrial relations difficulties last winter.

Faced with these problems, the department modified its position to demand that if the contract went to Gotaverken, some formulation of a joint venture had to be arrived at with the construction taking place in the UK.

All attempts at such a joint venture, involving Howard Doris and Highlands Fabricators, proved in Sun's view "commercially unacceptable."

Eleventh Report from the Energy Committee: North Sea Sun Oil's decision to place abroad a contract for a floating production vessel. H.M.S.O. £2.85

Importers press for deferment of new VAT scheme

BY ANDREW TAYLOR

FEWER THAN a quarter of Britain's 55,000 registered importers have so far applied for deferments under new Government rules which will significantly change the way in which value-added tax (VAT) is paid on imports. The deadline for deferments closes today.

The low response from importers has prompted more attempts by several business and trade organisation, including the Confederation of British Industry (CBI), to persuade the Government to postpone the changes due to be implemented from October 1.

Under the new rules VAT on imports will have to be paid on entering the country instead of the three months allowed at present.

Companies can, however, apply to Customs and Excise for permission to defer VAT import bills for one month provided they can arrange sufficient bank guarantees to cover the cost of the duty owed.

By last weekend only about 10,000 importers were understood to have submitted deferment applications. The final total of applications is not expected to be much above 15,000.

A number of forms are understood to have been completed incorrectly. A Customs and Excise official yesterday estimated that as many as 20 per cent of applications could be invalid.

The CBI warned yesterday that trade could be seriously delayed and ports thrown into chaos if the Government plans are implemented in October.

Plans by the CBI, the Freight Transport Association and others to make a renewed plea for postponement were outlined last week at a meeting organised by the Simplification of International Trade Procedures Board (Sitpro), which is funded by the British Overseas Trade Board.

A Sitpro spokesman said last night that many importers and freight agents who had wanted to arrange deferments had been unable to do so until after July 5, when the clearing banks finally agreed terms under which importers could arrange financial guarantees.

"There has not been enough time for companies to arrange deferments. Customs originally estimated that between 50 and 75 per cent of importers would want to arrange deferments.

Clearly more time is needed for these companies to get themselves organised and guarantees arranged," said Sitpro, which is establishing a telephone service to tackle companies' problems

Mercury wins concession

BY JASON CRISP

MERCURY COMMUNICATIONS, the private-sector company which is building a telecommunications network to compete with British Telecom, has won an important concession from the Government in its draft licence published yesterday.

Mercury will not be required to build a nationwide telephone network within a specific time. The Government had wanted Mercury to cover the whole of the UK as quickly as possible including poor and remote areas.

The fledgling communications group strongly resisted the proposal which would have required enormous capital investment.

Instead, the draft licence requires Mercury to provide its service to 15 key cities in England within two years of the licence being granted. The points include London, Bristol, Leeds, Reading, and Sheffield which broadly coincide with the "figure of eight" optical fibre loop the company is now constructing.

Beyond that the licence proposes that Mercury extends its activities in a way which is "practicable and consistent with the sound commercial development" of its network.

In other respects the licence is similar to the one which is proposed for British Telecom. Both licences are under the 1984 Telecommunications Act and specify the powers and obligations of the two bodies.

UK restricts imports of suits from Thailand

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

BRITAIN has imposed a limit on women's and children's suits from Thailand after a surge in imports this year.

The restriction follows action previously taken to limit imports of these items from South Korea, Hong Kong, India and Taiwan.

A provisional quota has been set a 40,000 suits under the Multi-Fibre Arrangement, which controls much of world trade in textiles and clothes. The EEC, which acts on behalf of Britain on MFA matters, has agreed that quotas should be introduced for three months from this morning pending an agreement with Thailand on the level of imports for the rest of this year.

British imports of suits from Thailand amounted to 45,000 pieces last year. In the first five months of this year they had risen to 80,800.

This strong surge has come as the home industry is under great pressure. In 1979 UK factories turned out 2.3m suits. Last year the figure was below 1m. Imports have risen so much that they account for 89 per cent of British consumption.

Under the MFA, if imports of unrestricted goods reach a certain proportion of the EEC's total imports the Community may ask for those goods to be put under quota.

The Government said yesterday that ski suits were not included under the ban.

To the Holders of
NIPPON CHEMI-CON CORPORATION
5 Per Cent. Convertible Bonds Due 1991

Notice of Free Distribution of Shares and Adjustment of Conversion Price

Pursuant to Clause 7 of the Trust Deed and in accordance with Condition 16 of the Conditions of the Bonds dated 10th September, 1981 under which the above described Bonds were issued, you are hereby notified that a free distribution of shares of the Company at the rate of 0.15 share for each one share held has been made to the shareholders of record as of 31st March, 1984 Tokyo time.

As a result of such distribution, the conversion price at which shares are issuable upon conversion of said Bonds has been adjusted pursuant to Condition 5(D) of the Conditions of the Bonds from 919.0 Japanese Yen to 799.1 Japanese Yen effective as of 1st April, 1984, Tokyo time.

NIPPON CHEMI-CON CORPORATION

July 31, 1984

Public Notices

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1984

Proposed Licence to run telecommunication systems to be granted to Mercury Communications Limited under section 7 of the Telecommunications Act 1984

1 In pursuance of section 8(5) of the Telecommunications Act 1984 ("the Act"), the Secretary of State hereby gives notice—
(a) that he intends to grant to Mercury Communications Limited ("the proposed Licensee") a licence ("the proposed Licence") under section 7 of the Act to run within the United Kingdom telecommunication system of every description ("the Licensed System"). The principal effect of the proposed Licence being to allow messages to be conveyed between premises served by those systems, between those systems and other telecommunication systems lawfully connected to them, between such premises and such other systems, and internationally. The proposed Licence will supersede the licence issued under the British Telecommunications Act 1981 to Cable and Wireless plc with the proposed Licensee acting as its agent, under which the proposed Licensee currently operates. The proposed Licence is subject to conditions, including conditions such that section 8 of the Act will apply to it, thereby making the Licensed System eligible for designation as public telecommunication systems under section 9 of the Act and the proposed Licensee eligible to have the telecommunications code contained in Schedule 2 of the Act applied to it under section 10 of the Act. It is the Secretary of State's intention to make an order designating the Licensed Systems as public telecommunication systems and to apply the telecommunications code to the proposed Licensee but he will not grant the proposed Licence or make the necessary order, if at all, until after the date referred to in paragraph 3 below and after he has considered any representations or objections received following publication of this notice which reach him by that date and reconsidered his proposals in the light of any such representations. The licence will be for a period of at least 25 years but will be subject to revocation thereafter on ten years' notice in writing or in other circumstances specified in the proposed Licence;
(b) that he proposes to grant the proposed Licence because he considers the grant will be an action calculated to secure that there are provided by a person other than BT and Hull telecommunication services which will satisfy demands for such services so provided, to promote the interests of consumers, purchasers and other users of telecommunication services in respect of the prices charged for, and the quality and variety of, telecommunication services provided, to promote effective competition between persons providing telecommunication services in the United Kingdom and with a view to fulfilling the other duties imposed on him by section 3 of the 1984 Act.

2 In accordance of section 10(6) of the Act, the Secretary of State hereby gives notice that he proposes—
(a) to apply the telecommunications code contained in Schedule 2 to the Act to the proposed Licensee in relation to the whole of the United Kingdom, subject to exceptions and conditions which have the effect of requiring the proposed Licensee—
(i) to ensure that any lines installed after the date on which the proposed Licence comes into effect in the City of London or any area designated as a conservation area under the relevant Town and Country Planning Legislation are installed underground and that no poles are installed in those areas after that date, subject to certain exceptions;
(ii) to obtain specified consents before installing telecommunications apparatus in proximity to certain listed buildings of special architectural or historic interest;
(iii) to take steps to ensure that, wherever practicable, taking into account the need to provide services at the lowest reasonable cost, new lines (other than overhead service lines flows from poles) are installed underground;
(iv) to give notice to, and consider representations made by, relevant authorities before—
(A) installing overhead telecommunication apparatus in any National Park, area of outstanding natural beauty, national scenic area or area administered by the Broads Authority; or
(B) installing any such apparatus in any limestone pavement area, site of special scientific interest or area of scientific interest,
except in the case of emergency works or other specified circumstances;
(v) except in the case of emergency works, to give notice to, and consider written representations made to it by, the National Trust or the National Trust for Scotland before installing telecommunication apparatus for the purpose of providing a service to the occupier of any land which that body has notified the proposed Licensee that it owns or holds any interest in;
(vi) except in the case of emergency works, to give notice to and consider any written representations made by, the appropriate highway authority before breaking up a maintainable highway;
(vii) when installing apparatus underground in the paved areas of maintainable highways, to do so in ducts, wherever practicable;
(viii) not to install lines over maintainable highways lower than 5.5 metres above the carriageway (or 6.5 metres in the case of designated high load routes), except with the highway authority's agreement;
(ix) to carry out safety inspections of outdoor apparatus from time to time which is on or above the ground and take steps to investigate reports of any of its apparatus being dangerous and remove any danger;
(x) to use its best endeavours to make agreements with Electricity Boards as to the manner in which apparatus is installed;
(xi) to give instructions to its employees about specified matters relating to the installation of telecommunication apparatus: liaison with highway authorities, statutory undertakers and other telecommunications operators; making good highways which it breaks open; protecting visual amenities; and ensuring that its telecommunication apparatus does not present safety hazards;
(xii) to keep records of where it installs apparatus underground, to provide information about such installations to highway authorities and other persons and to co-operate in certain projects for recording and making such information available;
(xiii) to ensure that, on the revocation or expiry of the Licence or the occurrence of other specified events, sufficient funds are available to make good certain liabilities of the Licensee;
(xiv) to give notice to any body to whom prior notice would otherwise have had to be given as soon as practicable after commencing any emergency works;
(xv) to require the removal of temporary overhead lines installed at public events or on construction sites after the event or after completion of the work;
(xvi) to require the removal of overhead lines temporarily installed for providing service to emergency organisations in emergencies after the emergency;
(xvii) to place copies of the proposed licence (if granted) and any direction under section 10(4) of the Act (if made) in a part of its major offices where it can be inspected by the public free of charge.
(b) to apply the telecommunications code to the proposed Licensee throughout the United Kingdom in order to facilitate the establishment by the Licensee of an alternative national telecommunication system and thereby to secure the objectives mentioned in paragraph 1(b) above; and
2(c) that the telecommunications code as so applied shall have effect subject to the exceptions and conditions referred to in paragraph 2(a) above because he considers that
(i) they secure the objectives set out in section 10(4) of the Act; and
(ii) they provide proper arrangements
—concerning the manner in which apparatus is to be installed
—for ensuring that apparatus does not present safety hazards
—for ensuring that proper records are kept
—for public inspection of the Exceptions and Conditions relating to the application of the Telecommunications Code and of any directions given of the Licensee under section 10(4) of the 1984 Act.

3 Representations or objections may be made in respect of:
(a) the granting of the proposed Licence; and
(b) the proposed application of the telecommunications code to the proposed Licensee in relation to any part or locality of the United Kingdom and the proposed exceptions and conditions relating to the application of the code.
Any such representations or objections must be made in writing to the Secretary of State by 17 September 1984.

4 Any person wishing to make representations or objections under section 8(5) or 10(6) of the Act should do so in writing to the Department of Trade and Industry, Telecommunications Division, Room 525, 1-19 Victoria Street, London SW1H 0ET, from where copies of the proposed Licence can be obtained.

I. K. C. ELLISON
An Assistant Secretary
Department of Trade & Industry
July 1984

Clubs

CONTRACTS

£6m order for The Crown Suppliers

THE CROWN SUPPLIERS, the government's recently-relaunched purchasing agency, is to supply £6m *worth of furniture*, floorcoverings and equipment for the Inland Revenue's long-term programme for the computerisation of PAYE. The contract includes a workstation which has been specially designed to accommodate a visual display unit and keyboard whilst leaving the maximum working area for the operator. Wire management is incorporated into the system. The Crown Suppliers is also providing the Inland Revenue with standard office furniture and equipment, floorcoverings and venetian blinds, and computer-room support items. These are destined for regional processing centres and local tax offices, *together with renovation services* as appropriate.

★

THORN EMI ELECTRONICS has been awarded a contract by *the Ministry of Defence* to undertake the initial phases of development of a short range air defence alerting device (ADAD). The contract worth in excess of £5m, covers project definition and the design and construction of experimental equipments for evaluation trials. The devices, which employ passive infra-red techniques, are intended for use in both man-portable and vehicle-borne applications in support of air defence weapon systems such as Blowpipe and Javelin, as well as with other air defence weapons systems that may enter service in the future.

★

An order worth around £3m has *been received* by SCHARMANN MACHINE for a flexible manufacturing system (FMS) to be installed at the Wrexham factory of JCB Transmissions. The order includes seven Solon 2.2 machining centres. Designed for the manufacture of a variety of axle components and one-off parts, the FMS will handle 24 different components initially.

★

APV INTERNATIONAL has won a £1.4m order from Dale Farm Foods for a plant designed to produce yogurt base at 10,000 l/h. The design includes an APV Autobatch weighing and blending system, a type SR30 Paraflow mix pasteuriser and MC45 homogeniser, a type R52 Paraflow yogurt cooler and an APV Paraclean unit 3 cleaning inplace system. APV will also supply 27 process vessels, including yohurt incubators and holding tanks; a granulated sugar system and numerous remote controlled APV Zephyr and butterfly valves and Puma pumps. The plant will be controlled by an APV ACCOS 2S microcomputer system with colourgraphic representation of data. It will be located near Rotherham, and is due for commissioning in 1985.

★

AEROSPACE COMMUNICATION SYSTEMS of Redditch, Worcestershire, a subsidiary of Aerospace Engineering, has won a £1m-plus order from Durham City Council. Aerospace will supply an emergency communication and alarm system for the elderly. The first phase will give 24-hour cover to 4,500 of *Durham's* elderly.

★

JOHN E. WILTSHIER GROUP has contracts worth £2.9m. Largest is for the Home Office, to build two secure living units, a community centre and other units at H.M. Prison Castington, *in Northumberland*, for £2.6m, to be completed by June next year.

★

Projects totalling over £4m have been placed with YOUNG AUSTEN AND YOUNG. These include electrical projects for H.M.S. Forest Moor and R.A.F. Luffenham with the P.S.A., a hospital project at the Nottingham Mortuary and developments for I.B.M. and Initial International; and mechanical projects at retail branches for Boots et Bracknell and Edinburgh, a leisure centre et Kidderminster for the Wyre Forest District Council, and a distribution centre for John Player and Son at Nottingham. The company is a member of the Trafalgar House Group.

★

COSTAIN CONSTRUCTION, Chelmsford, has won a £1.3m contract to construct three industrial buildings et West Thurrock, *Essex, for Lakeside Trading* Estate—a Pearson company. The buildings, of structural steel on piled foundations, will provide some 58,000 sq ft of industrial space, with ancillary office accommodation; all capable of being sub-divided into multiples of 5,000 ft. The 30-week contract is due for completion in December. The contract forms part of Pearson's Lakeside development adjacent to the Dartford Tunnel section of the M25 Motorway.

★

HADEN YOUNG has won a contract for the "highest possible specification" electrical plumbing and ventilation fittings for Westergate—DCI's 140,000 sq ft *office and shopping development* in Argyle Street, Glasgow. The contract is worth £2m.

★

C. A. BLACKWELL (CONTRACTS), *earthmoving arm* of London and Northern Group, has started work on an £800,000 contract for the reclamation and site clearance work for the Nissan car factory on a 306-acre site at Washington, County Durham. The work is for Tyne and Wear County Council and has been awarded by John Mowlem, management contractor. The *work involves moving* 1.2m *cu* metres of earth in 12 weeks and is part of the first phase of the Nissan UK project.

★

SIR ALFRED McALPINE AND SON (NORTHERN) has a contract worth over £1m to build a five-storey (plus basement) building for Montrose Holdings in Victoria Street, Douglas, Isle of Man, in 39 weeks.

★

An £850,000 contract for adaption, alteration and fitting out air-conditioned offices at the Queensmere Centre, Slough, Berkshire, has been awarded to MYTON. The project is due for completion by December, and entails the formation of 11,725 sq ft of offices on two floors in a pre*viously unoccupied area, with* new access from Wellington Street. A new lock-up shop unit is also being provided with frontages to the shopping mall. Queensmere is jointly owned by the Lazard Property Unit Trust and Postel Pension Fund.

★

A £1m land reclamation contract at the former Sunderland *Airport site, Washington* New Town, has been awarded to JOHN MOWLEM AND CO. This is the first stage of e multi-million pound project to build a European assembly plant for Nissan, the Japanese car maker. Mowlem's management contract comprises 1m cu metres of earthworks to form plateaux on which the factories will be built and land *drainage*. The client is Tyne and Wear County Council and work is scheduled for completion *in* October.

★

VAT WATKINS has been awarded two assignments in London worth more than £1m. One is a £704,000 contract in St Marylebone Housing Association, for the modernisation and refurbishment externally and internally, es well as landscaping, of York Street Chambers, York Street, W1. The other, from the GLC, is for modernisation and refurbishment to Block Five, Campden House, Peel Street, W8, at a cost *of £350,000.*

★

TAYLOR WOODROW CONSTRUCTION (SCOTLAND), of Glasgow, has won a contract, valued £1m, from OQS Property Development, a subsidiary of Municipal Mutual Insurance, for the construction of an office building at 285 Bath Street, Glasgow. The contract, which is scheduled for completion in September 1985, calls for the construction of an L-shaped office block, with five floors and a basement with car park. The building will have a floor area of 2,990 sq metres and generally be of reinforced in-situ concrete framed construction supported on bored concrete piles. The external walls will be of cast stone-faced blockwork outer leaf and blockwork inner leaf cavity wall construction, with aluminium *glazed curtain* walling to the front and rear elevations.

TAYLOR WOODROW CONSTRUCTION has been appointed management contractor on a £27m project to construct a paint shop at Vauxhall Motors car plant in Luton. The building, which will have an overall floor area of 72,000 sq metres on four levels, will have reinforced concrete piled foundations and a structural steel frame. External works will include providing a temporary eccess into the paint shop from the adjacent produc*tion shops. Work is scheduled* for completion in December 1985.

★

NORWEST HOLST CONSTRUCTION has been awarded e sub-contract, worth £2.2m, to carry out work at Alexandra Palace by Taylor Woodrow Construction. Work involves the construction of a two-level reinforced concrete frame within the Great Hall and other areas of Alexandra Palace, from sub-basement to ground floor, bounded by existing brick walls. Existing brick vaults will be strengthened, precast beam units installed and a new floor constructed. The contract also involves the formation of new openings through existing brick walls to provide access to new facilities. All work is part of the Taylor Woodrow management contract for the London Borough of Haringey. Work has begun and *is expected to be completed* in September 1985.

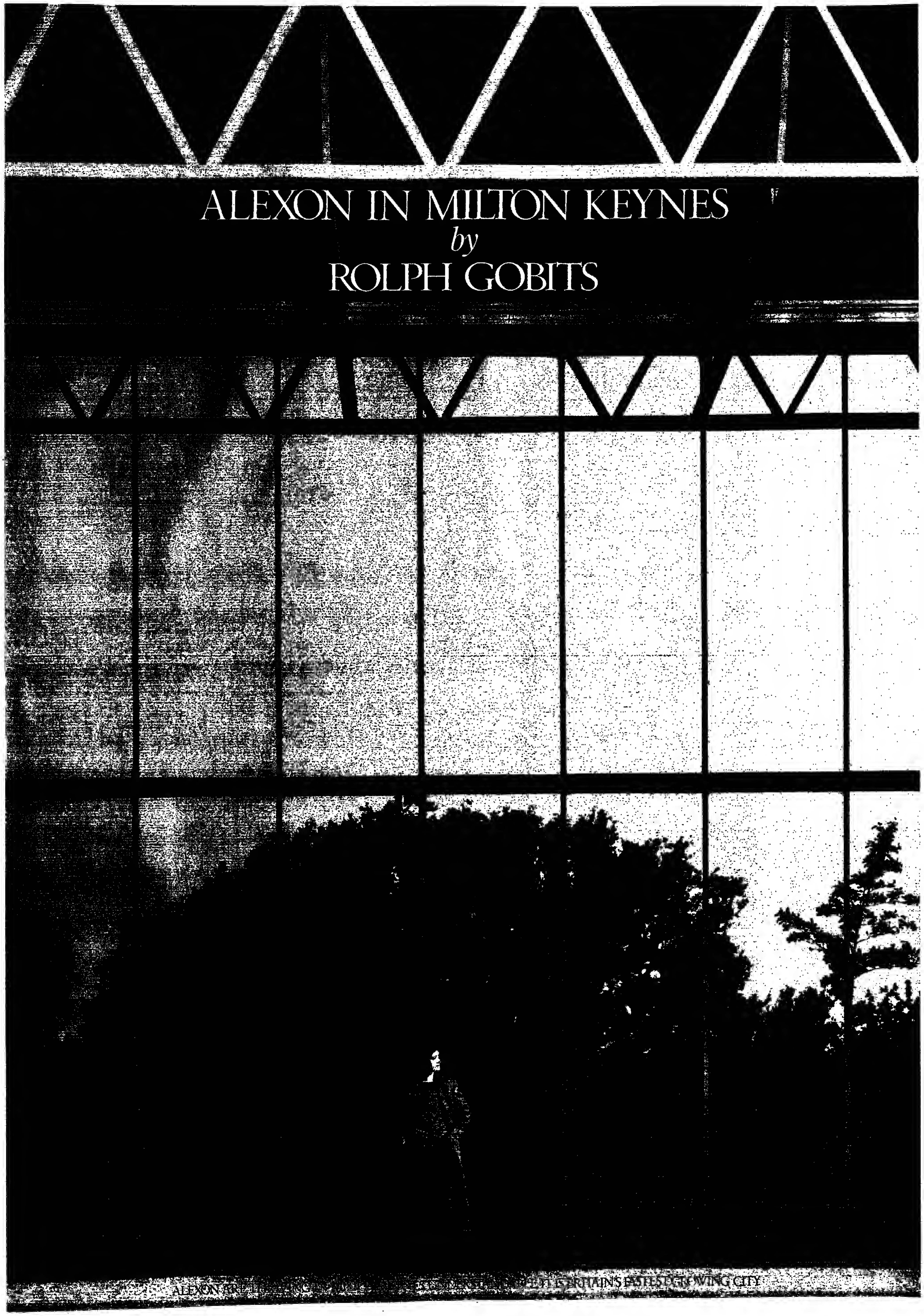
★

MITEL TELECOM has secured an order for PABX equipment worth £2.5m from Norton Telecommunications. The order, which is for e structured call-off over the next *12 months*, consists of Mitel SX-200 and SX-20 PABXs. All the PABX systems will be manufactured at the Mitel factory near Newport, Gwent.

★

ESPLEY-MANSTON CONSTRUCTION has secured £6.3m worth of building contracts. The largest single order, worth £3.5m, is for a city centre office and shops development at Gateshead. *Other sizable contracts* are for flats at Shipley (£1.4m) and a new public house at Belle Vue, Manchester (£500,000). Several design and build contracts include e warehouse for Asea-Hagglund and the refurbishment of students' accommodation for *York University. Other contracts* secured include a warehouse and office at Cross Green, extension to the Wm. Morrison Supermarket at Morley, Leeds, flats at Harlow Manor Park, Harrogate, and extension to the Sinai Synagogue, Leeds.

ALEXON IN MILTON KEYNES
by
ROLPH GOBITS



ALEXON ARE [illegible] BRITAIN'S FASTEST GROWING CITY

A designer-made plan for going public

BY ALISON HOGAN

Stewart McColl (centre, bearded) and Associates: claims to be Europe's fastest growing design group

TEN YEARS ago, Stewart McColl left his secure job with a firm of design consultants, borrowed a few hundred pounds from his local bank and set up his own company consisting of half a dozen people working in the front room of his home in Golders Green, North London.

"I realised that it was going to take me 10 years to reach the level of director in the company I was with," says McColl. He managed to take on freelance assignments by working 10 to 12 hour days, built up a portfolio of work, and decided by 1974 that the time had come to take the plunge and go it alone.

Today he heads Stewart McColl Design Associates, a company of over 100 staff, which he describes as the fastest growing design group in Europe. In the 18 months to November 1983, turnover was around £2m and pre-tax profits £250,000 compared with £1m turnover and £55,000 pre-tax profits in the preceding 12 months.

Turnover is expected to show another big rise this year to around £5m. Staff numbers have expanded to cope with the flood of new business from around 80 early last year to "105 and still rising" according to McColl.

A few months ago, McColl reviewed the group's progress and prospects with fellow directors Stefan Zachary and Jaqueline McColl, his wife. "We decided we would either have to slow down the rate of growth or go public," he says.

This month the directors announced agreement with merchant bank Kleinwort Benson for a £1m deal and their intention to seek a listing on the Stock Exchange in two to three years.

They appear to have shown a shrewd awareness of the growth prospects for the design industry from the turn of the decade, and unlike so many creative, people-based businesses, backed up their creative strategy with a sound business plan.

The breadth and standard of their work is revealed in the quality of their client list which numbers over 100.

Stewart McColl Design Associates combines architectural design, interior design and graphic design within the one practice. A £1.47m contract due for completion later this year, for example, involves the design of a new medical centre, the London Lithotripter Centre, which specialises in the treatment of kidney failure, the first of its kind in the UK.

The group has created banks and boardrooms, and redesigned shops, including Dorothy Perkins and British Home Stores. Its graphics department has designed corporate brochures and logos for Philips, British Telecom and Prudential. Fast food operations, restaurants and pubs, have all come in for the McColl treatment.

Stefan Zachary, who oversees the smooth running of the design practice has used the army as his main model for an efficient organisation. He spent six years with the Territorial Army, and picked up some useful ideas.

"We set about systemising the company in early 1982 when the level of work was not particularly high. We decided to prepare ourselves for when the upturn came." They started by inviting their auditors Philips, Ell and Gross, a small West End firm of accountants, to undertake a detailed systems review.

Zachary admires the "esprit de corps" of the army and wanted a structure in which everyone felt involved. "The structure will only hold together providing people do their job well."

At Monday mornings at 9.00 a meeting is held to review the project status list, and check on the progress of each job. The jobs are numbered and all expenses are catalogued from an order for a drawing to the use of a photocopier.

Stewart McColl prefers all work to go out for competitive tender. They get an indication of how much a client wants to spend, and prepare an estimate of the cost of their proposals. This is checked before a contract is signed.

Barry Dean of Kleinwort Benson Development Capital, who has just become a non-executive director, says "They appear to have the happy knack of getting things done when they say they will and on budget."

When the upturn came in 1982-83 it was stronger than had been anticipated. Towards the end of last year, the directors began to think about how to prepare for the next stage of growth.

They realised that the time had come to seek additional funding other than the loans from the Royal Bank of Scotland which had fluctuated over the years from zero to a £400,000 facility, according to their needs.

"We spoke to at least 10 institutions and some 50 people, picking their brains for an ideal solution to what we would require," says Stewart McColl.

Various offers were made and they finally decided on Kleinwort Benson's deal. "It was not the cheapest, but we liked the people. When we started looking around it became immediately apparent that we would want someone on the board so the right chemistry was an important aspect of the equation," he explains.

The deal with Kleinworts involves £1m of capital in return for a minimum 15 per cent equity stake. The precise stake is related to profit performance over the next couple of years.

The group has taken other steps to prepare for the next phase of development and the planned flotation of the company. It has retained McColl's family stockbroking firm Raphael Zorn, but also appointed as joint brokers Capel Cure Myers, widely recognised as experts in the retailing and design areas.

They decided, at the instigation of their existing auditors, to appoint a nationally known firm of auditors, Thornton Baker. Murray Sweet, a partner from the old firm has been appointed a non-executive director of the group and will continue to act as a financial consultant. A full-time financial controller was appointed in April.

The company is setting up an employee share option scheme setting aside 9 per cent rather than the minimum 5 per cent of the issued equity as recommended by the government. Stewart McColl is acutely aware of the need to motivate and involve staff, if he is to keep them.

Jaqueline McColl spends a lot of time visiting colleges around the country, looking for young talent. A large number of staff joined straight from college. Others have been attracted from established design practices.

Stewart McColl's speedy growth means that it could catch up before too long with Fitch and Co, the first quoted design consultancy to reach the £1m profit mark. That would be particularly significant for McColl as it was Fitch he left 10 years ago to set up on his own.

What to do about slow payers

David Hellier reports on a pervasive problem

SATURDAY night fever might soon start hitting senior executives if Chris Brogan's advice to small businesses is heeded.

"You must take extreme measures," says Brogan, chairman of the London Business Club. "Make a company search, find out who the chairman is and ring him on Saturday night. You have got to bring it home to where it hurts most."

Brogan's advice is for those small companies faced with payment problems from larger organisations which they supply. Some companies have long built-in payment clauses, which can provide crippling delays for small businesses surviving on tight profit margins.

One company mentioned by the business clubs as being a slow payer is the Trafalgar House building, shipping and leisure group. The company itself maintains that payments are made on the fifteenth day of the second month following the date of the invoice.

But at least a known delay can be built into the contract if the supplier has done its homework properly.

Robert Thompson, chairman of the Teesside Small Business Club says that his printing company makes a surcharge when it's dealing with slow payers. "Sometimes I wonder if the big companies are saving the money they think they are," he says.

But that line of thinking depends on the small business being on the ball. As Thompson readily admits, that is not always the case. "The small business often becomes its own worst enemy," he says, "and does not do its homework properly."

Brogan agrees. "Running a business is 80 per cent about book-keeping, no matter what line you're in, and smaller companies are notably bad at doing the paper-work."

Known delays are one thing, unexpected delays another. "Some companies go way over the allocated terms and keep on deferring payment," says Thompson, who speaks of waits of up to a year for payment.

Both sorts of delay are on the increase, he says. "A 90-day payment policy was unheard of until recently."

More often than not, payments problems will not just affect the two companies involved; there will also be knock-on effects to other suppliers, with often three or more companies involved.

The small company waiting for payment has to stop spending itself. This too has knock-on effects.

Thompson says the problem is exacerbated in Teesside by swingeing price competition as companies try to pick themselves up from the floor. "Everybody's scrambling for work. Some companies have cut prices to suicide levels and profits are low," he says. In such a climate, payment delays are crucial.

"We're trying to train small businesses to take all these things into account," he says.

The Teesside Business Club has had some success in encouraging larger companies to operate a two-to-four-week payment system. Meetings with ICI, Tees and Hartlepool Port Authority and the Middlesbrough Post Office have all produced positive results in the Teesside area.

A recent national meeting of small business clubs recommended that small businesses should open private discussions with problem organisations in an attempt to create a better understanding.

"They tell us what they want from us, and we can tell them when we need paying," says Thompson.

After all, payment is what it's all about, says Brogan. "From the small businessman's point of view, it's the mortgage you're talking about," he says. "You've got to be right up front and ask why you're doing the business in the first place."

Wide diversity of BES investments

COMPUTER-RELATED companies may tend to be favoured by venture capitalists, but they do not seem to have the same following among Business Expansion Scheme funds. This is indicated by a survey of nearly 200 companies which received BES funding in 1983-84.

The Business Expansion Scheme generally, though, has attracted widespread acceptance among investment advisers such as accountants and solicitors, according to another survey by stockbrokers, Buckmaster and Moore. Its survey, among participants at a series of seminars recently, showed that virtually all felt the BES was a useful means of tax sheltering—although a large number at the same time raised doubts about the marketability of investments and how they could be realised in five years' time.

Of a total of 194 investments made by BES funds in the 1983-1984 tax year, only 16—or 8.2 per cent—were in computer-related activities, with the total investment of £2.5m representing 6 per cent of £41.9m invested in all types of companies. In contrast, says Venture Economics in its latest edition of UK Venture Capital Journal, computer-related companies accounted for just over one-quarter of venture capital funding generally.

Venture Economics—a research company and subsidiary of the U.S. Capital Publishing Corporation—says that one-quarter of the near £42m invested by BES funds represented start-ups rather than established companies. A further 27 companies (14 per cent) were in early stages of development. Thirteen start-ups involved sums in excess of £300,000 and went either into technology-related business or property and construction activities such as hospitals and retirement homes.

The largest single category for all BES investments was consumer-related business—involving 55 companies (28.4 per cent of the total) and £14.5m (almost 35 per cent of all funding). Next came industrial product companies—22 in all (11.4 per cent), absorbing £4.1m (9.8 per cent). Sixteen electronics companies, excluding computer-related activities, were funded with a total £4.7m.

Publishing and transport-related activities were at the bottom of the pecking order, each involving eight investments and some £1m of total funding. The average size of investment was £211,000, but the range was wide. The biggest funding was £2.2m for the management buy-out of S. G. Magnets (this was syndicated among six BES funds), while at the other end of the scale there were several investments of less than £50,000.

The Buckmaster and Moore survey, while highlighting the general enthusiasm for BES, also revealed some causes for concern among professional investment advisers. At least 12 queried the quality of fund management and after-care service, almost as many were worried about investment criteria being applied when there were time constraints and a larger number queried the costs involved in adminstering funds, particularly the front-end charges.

However, more than three-quarters felt BES was the most effective way of using tax relief and, not surprisingly, almost as many felt the potential returns were reasonable.

Buckmast and Moore is itself today closing its Second Buckmaster Development Fund.

The survey found that while the lack of a track record for BES made respondents cautious, they felt they would generally recommend its use for those people in the 50 to 60 per cent tax brackets.

Respondents were by a sizeable majority happy about BES funds investing in start-ups and for funding to be given to companies which had no real asset backing. Barely more than a quarter of clients of the respondents were concerned about investments being made in local companies. Only a fifth showed any preference for funds to be invested in specific industries.

Among complaints made were the delays in obtaining tax rebates and that the risk-taking objective of BES was not being used. There was little consensus on how many investments a BES fund should ideally make. Five is the minimum by law but more than a quarter of respondents had no view on the matter while others ranged from five to eight.

Nicholas Leslie

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TECHNOLOGY

EDITED BY ALAN CANE

PORTSMOUTH POLYTECHNIC COLLABORATES WITH COOKER CONTROLS MAKER

Robots show finesse with screwdriver

BY PETER MARSH

HOUSEHOLDERS CAN be driven to despair if, in simmering water on an electric cooker, the pan boils over.

That simple fact is, indirectly, behind a novel research exercise that has produced one of the world's first screwdriver-wielding robots.

The project has resulted from collaboration between Turnright Controls of Portsmouth, which makes control mechanisms for cookers, and a group of researchers at Portsmouth Polytechnic.

The company, part of the TI group, makes every week about 20,000 energy regulators for electric cookers. Typically, one such domestic appliance requires about five regulators, which control the flow of energy to items such as hot plates. The owner of the cooker adjust the regulators by turning knobs on the front of the appliance.

Each regulator, a palm-sized electromechanical device that costs about £1.20, is assembled from about 30 different parts and then, in a crucial operation, has to be calibrated and tested. Turnright called in the polytechnic to help in a project to automate and make more reliable this last process.

From left to right: Dr Fazel Naghi, Dr John Billingsley and Ali Hosseinmardy of Portsmouth College of Technology making adjustments to their robot screwdriver for Turnright Controls

Owners of cookers become annoyed if their energy regulator produces too much heat.

Owners of cookers became annoyed if their energy regulators produce too much heat when adjusted to the minimum setting. In a common manifestation of a faulty regulator, a householder is unable to turn his or her cooker control down far enough to stop a pan of liquid from boiling over.

In an ideal world, such a control unit should never have reached the consumer. This is because, in the parlance of cooker engineering, it has failed its "ratio test." This ratio is the minimum amount of power that can be provided to the hot plate divided by the power when the plate is turned on full blast.

In its testing procedures, Turnright attempts to weed out those energy regulators where the ratio is more than 9 per cent. "If we could ensure that all our regulators had ratios lower than 5 per cent, we would be very popular," says Mr Bill Counsell, the company's technical director.

In Turnright's current factory operation, about half a dozen workers, all women, calibrate the regulators manually. The worker first turns a spindle on each regulator to a set position. She then turns a screw to adjust the point at which a bimetallic strip inside the device makes contact with an electric switch.

The finesse with which these operations are done, which for a deft worker takes only about 30 seconds, will influence whether the regulator is sensitive enough to send out only a small amount of heat at the minimum setting.

In the next stage in the factory routine, another worker places the regulators in batches of 16 at a time into an automatic testing system. For 2.5 minutes, electricity is surged through the regulator in cycles while it is kept at the "minimum" setting. A computer works out average power levels. It expresses these as a ratio of the total power that would pass through each regulator if the setting were at the maximum.

Any controls that fail the test — on average the figure is about 5 per cent of the factory's production — are taken out of the batch. The failure may be due to poor calibration or to an error while the device was assembled.

Turnright reasoned that an automatic system which attended to both calibration and testing would, besides saving labour costs, reduce the number of faulty regulators. That was how it joined forces with three researchers from Portsmouth Polytechnic, Dr John Billingsley, Dr Fazel Naghdy and Mr David Harrison.

The trio have devised a computer-controlled machine into which a worker first places a regulator. A pneumatic device grabs the spindle on the device while a servo motor spins round the main body of the regulator. This puts in the correct position the internal parts of the device while a screwdriver, held in a robot-type arm, adjusts the calibrating screw. For good measure, another small piece of metal shoots out to adjust a backstop in each unit.

This operation is followed by an automatic test sequence controlled by the same computer that supervises the calibration. The machine monitors electricity sent through each control unit to work out the all-important ratio.

In a further test routine that follows this, a blast of electricity at 1,500 volts is shot through the regulator. If any current leaks out, the device is unsafe to use.

By the end of the summer, Turnright hopes to have installed in its factory a £6,000 system based on the polytechnic hardware. The company will probably require two more identical systems to deal with the workshop's full production. Each set of hardware will require just one person. People no longer needed as a result of the automation will be given jobs in other parts of the factory, according to Mr Counsell.

Later on, Turnright may replace the person in charge of each calibration/testing unit with a robot which would load parts into the system and take them out at the end.

Mr Counsell says that similar hardware could play a part in other factory operations in which a physical activity such as calibration is followed by a testing routine — anywhere, as he puts it, "when you have to twiddle a few screws and then assess the result."

The polytechnic workers, backed in the work with Turnright by a £90,000 grant from the Science and Engineering Research Council, are to assess other applications for their hardware in further studies over the next year.

HAWKER SIDDELEY'S ENERGY ALTERNATIVES

Combined power for rural areas

BY GEOFFREY CHARLISH

HAWKER SIDDELEY Power Plant of Turupp in Gloucester has launched a system that can use solar, wind or diesel energy to produce power for remote or rural sites up to about 650 watts.

Two factors, however, affected the decision to go ahead with the project. These were the reduction of solar cell prices to one tenth of their value of seven or eight years ago, and the prospect that oil prices will move upwards in the medium to long term as wells run out.

Conventionally, a telecommunications repeater station for example, on a remote mountain-top would use a dual diesel-alternator set costing perhaps £20,000. Now, HS can supply a wind/diesel combination for about £28,000 or a solar/diesel package for about £35,000. If the site makes it worthwhile, the company can provide all three, although usable wind and sun do not usually occur together at the same place.

The company uses an aero-generator from Northwind Power Company of Vermont, while the solar panels, mounted on the roof of the transportable ISO container site hut, are being supplied by Solarpak of High Wycombe.

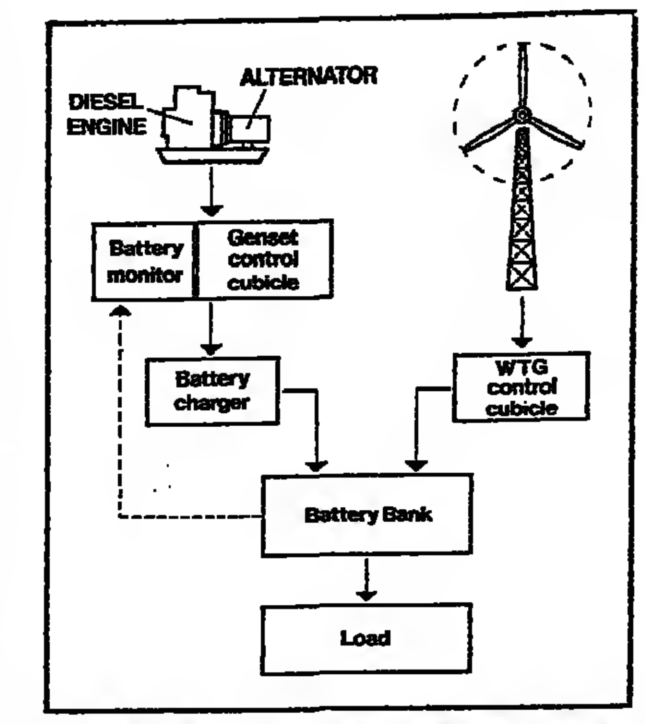
An advantage of the system is that for much of the time the 24 kilowatt-hour lead-acid battery will be kept charged either by the solar array or the wind generator. Re-fuelling and maintenance trips to the site can be reduced—once a year is expected to be typical. This alone, is an important cost reduction, particularly if helicopter servicing is needed.

Typically, pay-back time for the system will be four to five years.

A further factor that has prompted HS to go ahead with the hybrid idea is the sharply reduced power consumption of the latest electronic equipment used in remote telecommunications sites.

This has made diesel power less attractive while allowing solar and wind power units of cost-effective size to be deployed. Total wind, or total solar installations are still not economic according to HS, since they would have to be oversized to ensure adequate battery charging under unfavourable wind/sunshine conditions.

In a hybrid system, as soon as the wind or solar generator cannot cope, the diesel unit cuts in to keep the battery properly charged.



A typical configuration for a system combining wind energy and diesel power. Alternatively solar power could be used instead of the wind machine.

The HS system uses a Lister ST1 air-cooled diesel engine close-coupled to a single-phase alternator with a maximum output of 2.9 kW.

The wind turbine generator can produce 2 kW in winds of nine metres per second. If a site has an average wind speed of say, 8 metres/sec, the unit will deliver about 10,000 kilowatt-hours (kWh) over the year.

It has an impressive environmental specification, with the ability to continue working in a temperature of — 60 deg C. covered on all surfaces with 60mm of ice. The survival wind-speed is 54 metres/sec, gusting to 85 metres/sec.

At such speeds, the airscrew would rotate so quickly as to disintegrate under centrifugal forces. So it has been designed to tilt backwards automatically in winds over 9 metres/sec, returning when the wind drops. Electronic control ensures suitable supplies to the battery.

Site selection is important. A minimum wind speed of 4.5 metres/sec and a clearance of at least 6 metres above obstacles within 150 metres of the rotor are required. Generally, a tower height of at least 12 metres is called for with suitable concrete anchorings.

At times of high wind, it can be arranged for excess energy from the turbine to be "dumped" into heater or refrigeration units.

The solar array uses monocrystalline solar cells from Arco (an Atlantic Richfield company) in the U.S. The overall conversion efficiency of incident radiation to electrical output is 11.5 per cent. This figure, too, has been rising over the last few years, making solar power more attractive.

Solarpak makes these cells into modules of 36, producing a nominal 12-volt output. Forty modules are wired in series and parallel to give the required system output of 24 volts and 300 to 500 watts continuous, depending on the site.

This system has also been made as weather-proof as possible, with cable in nylon-conduit, anodised aluminium channel supports and securing fittings of stainless steel.

The more widespread use of these hybrid systems, in rural farming communities for example, would be encouraged if electrical generating authorities would buy any excess power and feed it into their grid systems. In the U.S. the power companies are required by law to do so.

Semiconductors

Defect-free crystals for electronics

JAPANESE scientists claim to have produced the first defect-free crystal made of gallium arsenide. This is a development that would make possible production of faster integrated circuits.

"With this discovery, we should be able to produce very large-scale integrated circuits on a commercial basis out of gallium arsenide," said Masanichi Omori in a telephone interview on Thursday. Omori heads a group of about 20 researchers at the Atsugi Laboratory of Nippon Telephone and Telegraph Corp (NTT), south of Tokyo.

He said the group recently learned to produce 2-in diameter crystals made of the gallium arsenide compound "with almost zero defects."

Though computer chips made of the gallium arsenide compound are capable of much higher processing speeds than those made of silicon, research has focused on the problem of reducing the number of defects in the crystals.

Omori said the NTT researchers succeeded in improving the temperature control in the furnace used to produce the compound crystals.

He said while electrons move much faster through gallium arsenide semi-conductors, the price of producing the crystals is now about 10 times higher than the traditional silicon chips.

Several major Japanese firms, including Toshiba, Sumitomo Electric and Fujitsu, Japan's largest computer maker, have been investing in gallium arsenide research.

Omori said another gallium arsenide research group within NTT will use the crystals produced by his group to fabricate large-scale semiconductors.

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NOTICE IS HEREBY GIVEN that pursuant to the Special Resolution of the Company passed by its members on 25th July 1984 the above mentioned Company has approved a payment out of capital in the sum of £220,000.00 to purchase 208,775 of its own £1.00 Ordinary Shares and that the Statutory Declaration completed by the Directors of the Company together with the Auditors Report annexed thereto are available for inspection at the Registered Office of the Company at Hatham Street, Norwich, Norfolk. Any creditor of the Company may within five weeks from 25th July 1984 apply to the Court for an Order prohibiting this payment.

Dated this 25th day of July 1984.
A. E. HOLDEN,
Director.

Educational

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SECOND EXTRAORDINARY MEETING OF SHAREHOLDERS

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THE ARTS

Monteverdi/Westminster Abbey

David Murray

Sunday night's Prom took place in Westminster Abbey, the better to honour Monteverdi's *Vespers of the Blessed Virgin* (generally known as the Vespers of 1610). It is a glorious sequence of music, ending with the famous Magnificat; lengthy modern controversy about how it was meant to be performed, and even whether it was intended for performance as a whole sequence, has been—at least for the moment—resolved in large part. John Eliot Gardiner's performance with his Monteverdi Choir and English Baroque Soloists, with support from IBM UK, was founded upon the most recent scholarship, and it was a triumph.

Gardiner can now count upon thoroughly practised players for the right antique instruments. The grand spaces of the Abbey tingled with giant lutes, echoes with cornets and sackbuts; the squeaks and wheezes familiar to "early music" enthusiasts in recent decades have been decisively tamed. There was some true virtuoso playing in the paragraphs allotted to the septet of strings, too; the fact that the *Vespers* is full of flamboyant, extrovert music was registered in high style. What listeners in the remoter corners of the Abbey heard must have varied, but from the transepts and choir it sounded wonderful. Space was ambitiously used, with solo singers and lutenists scurrying along the choir between numbers to take up new positions.

Gardiner took up the operatic challenge of Monteverdi's writing with panache. Much of it was brilliantly quick, and yet pellucid: the choral "Nisi Dominus," described in the programme notes as "the most conventional of the psalm settings," had the breathless excitement of the "Ride to the Abyss" in Berlioz's *Faust*. Severe hazards of balance were overcome with astonishing confidence, and the extreme contrasts of weight, texture and timbre Monteverdi required were realised superbly. Older accounts of the *Vespers* often seemed reedily sanctified and remote; Gardiner's made a sensational athletic display, and the lyrical vitality of the music was enhanced by it.

The soloists accomplished great feats in their taxing parts. Nancy Argenta and Elizabeth Lane were the sopranos, particularly lovely in duet. With the countertenor Michael Chance the tenors Mark Tucker and Nigel Robson and the baritones Richard Jackson and Stephen Varcoe covered widely separated dramatic reaches with ease and fine, secure attack. The excellent Choir had polished assistance from the Finchley Children's Music Group. This *Vespers* deserves to be repeated as often as the right church can be found.

Gypsy/Swan, Worcester

B. A. Young

The Swan Theatre only holds about 350. It has no fly tower and little space in the wings. So it was brave of John Boyle to put on *Gypsy*, and his bravery is rewarded when we see that a theatre this size suits it so well. The show depends very much on the work both of Stephen Sondheim's lyrics and Arthur Laurents's book (which sometimes sounds as if Mr Sondheim had put in a line or two), and we miss none of them, even in concerted numbers. The lyrics are basic general-purpose song words for Jule Styne's tuneful music, but written with an unusual skill, as if Evelyn Waugh had written the report of a football match.

Eileen Gourlay, with wide set eyes and a generous mouth, deals skilfully with Madam Rose. She is a young woman when we first meet her, promoting baby June (Jessica Dark) in the act which is to keep her a child until she elopes with a "boy" partner. When this compels Rose to transfer her star-making administrations to her other daughter Louise, she has become a mature woman. Louise (Jenny Michelmore) cuddles a black lamb as she sings a song ending "I wonder how old I am." If Rose has her way, Louise will spend birthday after birthday growing up into a bonny little nine-year-old; but nature, years on the road, and a rash venture into burlesque, turn her into Gypsy Rose Lee and by that time Rose is well into middle age.

Miss Gourlay scrupulously modifies the same personality through the decades and when she finally lets her hair down and performs the show that she has been tirelessly injecting into her children for so long, she is as exciting as we know she would have been if she had been a performer and not a promoter of child stars. More exciting, perhaps, than Miss Michelmore's Gypsy, charming though that is, for Rose has been telling her forever to remember that she is a lady (as indeed she patently is herself); and ladies and burlesque are a difficult combination.

The dance acts, so many of them deliberately bad, have been neatly staged by Sally Marshall and often turn out very funny. I loved Miss Michelmore emerging thumb first from her tent in the Toreadorables Act. The kids in Abe June's first number are well drilled, and they romp past puberty effectively under a strobe light. The three strippers, Hariet Thorpe (Tessie), Karem Mann (Mazeppa) with practical trumpet, and Barbara Horne (Electra) are marvellous.

All the scenery we need has been designed well enough by Chris Crosswell, much of it mounted on trolies. There is a 5-piece band in the pit, which is crossed amidships by an apron. They play prettily, but the overture is so under orchestralled, and backed by nothing but some unimaginative patterns of lights that repeat too often, that it seems very long.

Saleroom

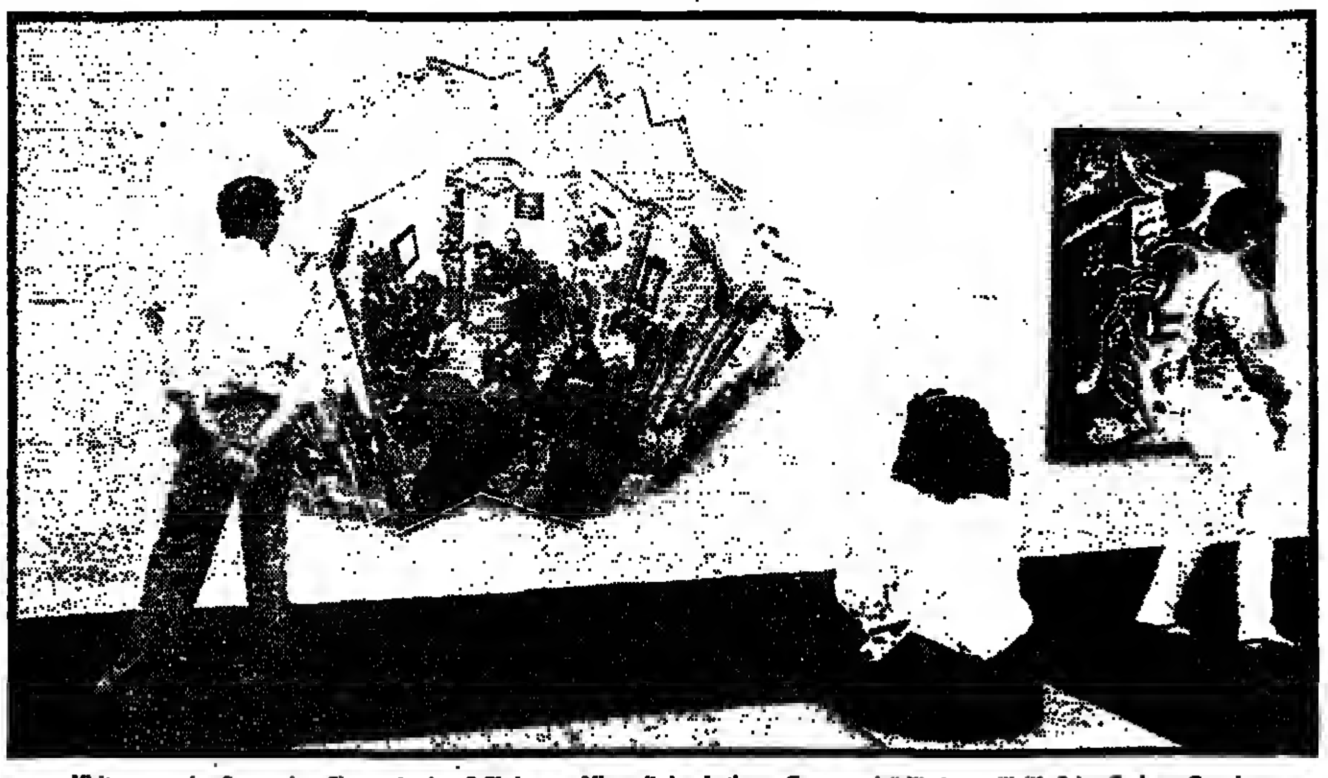
Sotheby's breaks with a long tradition by holding a major sale in London in August. It is of rock and roll memorabilia and takes place on August 30-31.

The major lot is probably the only substantial unpublished Lennon manuscript in existence, with 16 pages of poetry and prose with nine drawings. It was composed around 1960 and carries an upper estimate of £12,000. Lennon's handwritten lyrics for "Lucy in the Sky with Diamonds" carry an upper estimate of £4,000.

A complete set of Lennon's erotic lithographs, "Bag One," have a top price tag of £6,000, and one of his guitars an estimate of £5,000-£8,000. A Ludwig snare drum of Ringo Starr could sell for £2,000.

A sky blue piano of Elton John decorated with clouds and flowers is forecast at £3,500-£4,500, and Bill Wyman of the Rolling Stones guitar has a £2,500-£3,200 estimate.

In a report on the year in the salerooms on Saturday Christies' was credited with selling the Turner seascape of Folkstone for a record £7.37m. It was sold at Sotheby's.



Visitors to the Serpentine Show viewing "Christmas Mirror" by Anthony Green and "Kitchen still life" by Graham Crowley

Art for Britain at home and abroad

William Packer describes how the Arts Council and the British Council build up national art collections against all the financial odds.

It is a truism of all the arts that the best way to patronise the artist is to buy his work. And it is as obviously true that *collecting is no exercise in* philanthropy: the artist may be poor but honest, but there is still no point in buying his work if it is no good. The better he is, the more reason there is to support him, and the more likely be is to be doing quite well, thank you, already. Where public bodies and taxpayers' money are concerned, the issue is still the same, and as simple as it is contradictory.

The British Council has just turned 50, and its duty is to promote British art and culture abroad: the Arts Council, that war-time baby, is enjoined to encourage and promote the arts at home. They both stand in the first rank of our major regular patrons of the contemporary visual arts; and yet, at their respective starts, it can hardly have been foreseen quite how extensive and enduring their commitment would be, or even indeed that there would be a commitment at all. What happened was simply that as they grew into their work in their different but related fields, so the usefulness of a collection of sorts on which to draw as a resource, as exhibitions came to be arranged here and requested there, naturally declared itself. The Councils thus became serious collectors more by default than intention; and their collections, like Topsy, have just growed.

They are working collections, that must earn their keep; and yet they are curiously unknown to the wider public they reach so effectively piecemeal, for they have no base but the warehouse and storeroom, no gallery, and if they exist at all as conceptual entities, they are so as creatures of the catalogues that only in recent years have been prepared. The British Council's catalogue indeed has just been published by its Fine Art Department to bring all its lists up to date, 1938-1984, and the Arts Council meanwhile has brought out a supplement to its own definitive catalogue, 1942-1978, to bring it up to 1983. To mark the coincidence, both councils have co-operated to fill the Serpentine with a selection from their recent acquisitions (until August 27).

"Home and Abroad" it is called, and the stranger might be forgiven for expecting the distinction to be apparent in the work, a slight difference of emphasis perhaps, or of approach. But the show is curiously coherent and of a piece, for the fact is that both councils collect at the same weight, and though the Arts Council may be able to sustain a somewhat broader spread overall, especially among the younger artists, both need to keep up with the bigger names by prime examples of their work. To them that hath shall it be given, or rather from them shall it be bought, and quite right too: there lies the emphasis of this show, and it is indeed impressive to see just how good so many of these recent purchases are.

Such artists as Uglow, Freud, Auerbach, Flanagan, Gilbert & George, Sandle and MacLean are no longer cheap, and these we know are straitened times; yet all have lately been acquired, one way or another, with major recent works, and whether or not the particular artist is already well represented—the Arts Council has a fine run of Auerbach that goes back to the mid-fifties; the British Council now has a late to go with its very early Freud, a single Uglow painting, and still no Francis Bacon—few would argue that it is not money well spent.

The broadsheet to the exhibition gives some useful figures on this very point. Here we have major institutions, active in a field in which our international stock is already high and continues to rise, conspicuously and responsibly enhancing the nation, which is to say the assets of us all, and here is the money on which they are expected, or rather challenged to do it. For the year 1981-82, the Arts Council had a purchasing budget of £102,000; for '84-85 it is £90,000: for the British Council the sum in that earlier year was £61,324; it is now £27,780. You will hardly need telling that in real terms the decline is rather sharper. In that same time, though maintenance costs are always rising, and the Councils' funds to meet that necessity did rise for a while to meet it, they too are now falling. In the Arts Council's case from a high point last year of £37,440 to £24,000; in the British Council's case, with its ever-pressing problem of the transport of works of art overseas, from £16,988 two years ago, to a meagre £9,620 now.

But I must not leave you with a sense of terminal decline and despair: difficulties do concentrate the mind wonderfully, and is an intriguing, exciting and enjoyable show. Bursaries may fall away, subventions of all kinds for expenses home or away, but still the Councils will continue to buy as they can or must, and still artists will look forward with the keenest hope, even more perhaps than to the cheque, to the moment when the British or Arts Council Collection can be added to the account of a developing career. I have dwelt so far on the major names, for they present the greater crisis of priority, but attention must be spread across the whole spectra of activity, age and reputation, the quality of work the first criterion.

"Early On" by Jennifer Durrant in the central room is for me the most beautiful painting in the show, large, flat Matisse-like flowers in silhouette floating a cooler, denser ground into which are worked more ambiguous images, a herd of cave creatures, perhaps, moving "slightly and very fast". Therese Oulton nearby is an artist who is moving very fast, and is clearly one to watch—I saw her work first when she was on the Chelsea postgraduate course a year or two ago, and then at the last John Moores. Albert Irvin, now over sixty but painting with the freshness and energy of one half his age, is at last being given the institutional respect and support that he should have had these past twenty years; and Graham Crowley, who *is* half Irwin's age, is one of the liveliest and wittiest, and amongst the most skilful of his generation of figurative expressionists. Dhruva Mistry, now a year or two out of the Royal College Sculpture School, goes on with his elegantly personal reinterpretation of Indian imagery: Andrezj Jackowski, Neil Jeffries, Judith Cowan, all of them young artists to watch.

New chairman for literature panel

Dr Robert Woof, vice-chairman of the Arts Council's advisory panel on literature, has been appointed as the panel's chairman in succession to Marghanita Laski. Two new members of the panel have also been appointed: Violet Hughes, tutor in English Literature and Communications at Ruskin College, Oxford, and Michael Ratcliffe, the writer and critic.

Dr Woof, who was appointed to the council in 1982, is also vice-chairman of the advisory panel on drama. He is Reader in English Literature at Newcastle University and secretary and keeper of the Wordsworth Collections for the Trustees of Dove

Stubbs show for the Tate

The largest exhibition ever of the work of George Stubbs will be held at the Tate Gallery, London, from October 18, 1984 to January 6, 1985. It is organised in association with the Yale Center of British Art and sponsored by United Technologies Corporation.

Every aspect of his work will be represented, including his engravings and paintings in enamel on plaques specially manufactured for him by Wedgwood, as well as his portraits and horse paintings.

Richard Deacon, Gilbert and George, Howard Hodgkin, Richard Long, and Malcom Morley have been short listed for the £10,000 Turner prize, a new prize to be awarded to the person who has made the greatest contribution to British art in the previous year. The winner will be announced on November 6.

A small exhibition of recent acquisitions is on show in Gallery 37 of the Tate. It is built around Mark Gertler's "Merry go round," painted in 1916 and purchased this year. It is surrounded by paintings of the same period including a Sickert, a Duncan Grant, and works by Southall, Frampton and Mabel Pryde.

Orfeo times three

William Weaver visits two Italian arts festivals

For the conclusion of this year's Maggio musicale, the forty-seventh of the series, the guest artistic director Luciano Berio devised a kind of festival-within-the-festival, a trio of productions dedicated to *Orfeo*. The first (which unfortunately, I had to miss) was a scrupulous performance of the Monteverdi masterpiece, conducted by Roger Norrington; it was highly praised. Then came a ballet—to brand-new music by Ludovico Einaudi, a Berio protégé—entitled *Sul filo di Orfeo* (rough translation: Along the line of Orfeo), choreographed by Serge Bennathan, who also danced the title role.

Seen in the sylvan setting of the Orti Oricellari, a secret Florentine garden with huge, ancient trees and fantastic statuary, the ballet was effective, especially in the first part (towards the end there seemed to be rather too much aimless rushing back and forth on the part of the corps). Einaudi's music also got off to a good, lyric start, but occasionally lapsed into some standard devices (heavy-breathing into the flute, familiar from Stockhausen and too many others) and in conclusion, into loud noise.

Bennathan exploited the pastoral scene intelligently, and was a moving lover. His Euridice, Muriel Philippe, also danced affectingly, and their several duets were imaginative, dramatic and pathetic in turn. The corps de ballet of the Maggio musicale was all right, but no more than that.

For its final production — the third in this *Orfeo* series — the Maggio returned to Monteverdi, but by way of several contemporary composers, under the direction of Luciano Berio. Spectators arriving in the courtyard of the Pitti Palace, where this *Orfeo* was to be given, were perhaps puzzled to see, in the centre, a full-scale reproduction of the Dante monument from Piazza Santa Croce and, in one corner, a similar reproduction of the David. In another corner there was a glass-roofed gazebo (suggesting the Demidoff monument on the Lungarno), and in yet another, a bandstand. There were few seats, and the audience was obviously expected to mill around. Suddenly there were blasts of trumpets from the upper floors of the palace, and the performance—devised by Pier Luigi Pizzi began. Characters appear on horses. Then some shepherds herded a little flock of sheep across the court. Sometimes the music was on tape, sometimes live.

For Euridice's funeral procession a village band (the Filarmonica "G. Rossini" of Florence) followed the corpse, and the audience — including some wide-eyed, scampering kids — followed the band. Charon was borne in on his back, dancers danced, tumblers tumbled. In the end, three infernal messengers — in camouflage fatigues — roared in on motorcycles.

Even the most tight-lipped purist had to enjoy Pizzi's imaginative happening, and the arrangements of the music — including some moments of rock — did not seem disrespectful but rather fanciful variations. This year's Maggio has had ups and downs; the concluding *Orfeo* was an up and, instead of bowing soberly to the cheering crowd, Pizzi and Berio were carried shoulder-high in triumph by the hard-working stagehands.

As the Maggio ends, the Estate Fiesolana begins. This festival—only a decade younger than the Maggio — no longer confines itself to Fiesole, but frequently sponsors events in the city itself, often in settings not normally used for music (or often visible to the public). Thus, in the lovely, secluded Chiostro delle Donne of the hospital of the Innocenti, there was a staging of *L'importanza di esser Franco* (ie, The Importance of Being Ernest) by Mario Castelnuovo-Tedesco. A Florentine, Castelnuovo-Tedesco left Italy during Fascism for America, where he achieved some reputation as a composer for films and also for guitar (a number of his pieces for the instrument have been recorded).

His chamber opera, based on the Wilde play, has been performed in concert on occasion, but this Florence production was its first time on the stage. It is not a work that seems destined for much of a career. Largely a collage of quotations from other composers (Verdi, Donizetti, Wagner, Bach, Schubert among them), it has little personality of its own; and Wilde's dialogue firmly resists being set to music. Nevertheless, this staging—simply and sensitively directed by Talmage Fauntleroy—served to introduce several new and gifted singers, notably a clear-voiced tenor, Saverio Bambi, a sweet soprano, Anne Keyse, and a promising comic bass, Maurizio Di Benedetto (as Dottore Chasuble). The work is scored for two pianos and percussion; they played well, under the guidance of Francesco Vizioli.

Arts Council beneficiaries

The Arts Council has announced a series of commissions, awards and bursaries for composers, dramatists and writers.

Among the composers David Bedford is to receive £2,500 to write a 15-minute work for the Royal Liverpool Philharmonic Orchestra, to be performed next May. The Arditti Quartet has commissioned a work from Chris Dench, who receives a grant of £1,000, and Peter Dickinson was given £1,900 for a "Mass for the Apocalypse," which was given its first performance this month at St. James' Church, Piccadilly.

David Nield received £2,000 for "The Powder Monkeys," which will be performed at Edinburgh during August, and Michael Finissy and Michael Nyman have each received £1,000 for works for the Arditti.

Other composers to be helped are Bernard Rands (£1,000), Nicholas Sackman (£750) and Richard Steinitz (£900).

Theatre writers Roy Kendall, Mick Yates, Michael Wall, Michael John Ellis, Chris Hawes and Daniel Mornin have all been given bursaries of £2,500.

Three grants for writers in residence have also been announced. Snoo Wilson is to receive £2,000 while he is in residence for six months at Charnwood Youth Theatre, Leicester; Anthony Minghella gets £2,125 for his current residency at the Wakefield Tricycle Theatre, London; and Martin Lewton receives £2,125 as writer in residence at the Nottingham Playhouse.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

July 27–Aug 2

NEW YORK

New York City Opera (New York State Theater): The company's 40th season continues with La Traviata, re-directed by Frank Corsaro, conducted by Klaus Weise with Marianna Christos singing Violetta and Robert Grayson singing Alfredo, as well as La Bohème conducted by Imre Pallo with Maryanne Telese as Musetta and Richard Leech as Rodolfo. Turandot, Barber of Seville and Magic Flute will also be performed. Lincoln Center (870 5570).

SALZBURG FESTIVAL

Idomeneo conducted by James Levine with Elizabeth Connell, Yvonne Kenny, Trudeliese Schmidt, William Lewis, James Morris and Luciano Pavarotti and the Vienna Philharmonic and Vienna State Opera Choir (Fri and Thur).

Così fan tutte, conducted by Riccardo Muti with Kathleen Battle, Margaret Marshall, Ann Murray, Francisco Araiza, Sesto Bruscantini, James Morris and the Vienna Philharmonic and the Vienna State Opera Choir. Small Festival Hall (Sun).

Macbeth conducted by Riccardo Chailly with Ghena Dimitrova, Margarita Lilowa, Piero Cappuccilli, Nicolai Ghiaurov, Kurt Rydl and the Vienna Philharmonic, the Vienna State Opera choir and the Sofia National Opera Choir (Mon). Large Festival Hall.

Der Rosenkavalier conducted by Herbert von Karajan with Agnes Baltsa, Graciela de Gyldenfeldt, Kurt Rydl and the Vienna Philharmonic and Vienna State Opera Choir. Large Festival Hall.

Information (0662/42541).

VIENNA

The Merry Widow conducted by Rudolf Bibl at the Volksoper (Mon). (5324/2657).

Die Fledermaus conducted by Rudolf Bibl. Staatsoper. (Wed). (5324/2655).

Vienna Chamber Opera: Strauss's Vienna Blood (Mon, Tues and Thur) and Mozart's La Finta Giardiniera (Wed, Fri and Sat). Schönbrunn Palace Theatre (85 98 93).

ITALY

Rome: Teatro Argentina: Festival of Operetta – A different opera every night including Offenbach's La Belle Helene and Strauss's Il Pipistrello. Each evening ends with a fancy-dress ball offered by the respective embassies (held in the Parco dei Daini, Villa Borghese). (6544601).

Rome: Terme di Caracalla (Teatro dell'Opera Company): Tosca conducted by Silvio Varviso with Sylvia Sass (Tosca), Giuseppe Giacomini (Cavaradossi) and Juan Pons (Scarpia) (461755).

LONDON

Royal Opera House, Covent Garden: The Royal Ballet plays every night except Sunday with a mixed repertory and a new ballet by Ashley Page, his first professional work, as part of a triple bill on Thursday. (240 1066).

Dominion Theatre: London Festival Ballet with Giselle followed by a triple bill. (580 9562).

WEST GERMANY

Munich, Bayerische Staatsoper: Munich opera festival. The last week of performances opens with the Magic Flute, with Edita Gruberova, Cheril Studer and Peter Schreier. Wagner's Rienzi is steered to triumph by Cheril Studer in the title role. Francesco Cilea's Adriana Lecouvreur, sung in Italian, is conducted by Giuseppe Patane, with Margaret Price and Neil Shicoff. Ariadne auf Naxos brings together Trudeliese Schmidt, Edita Gruberova and James King. Die Meistersinger von Nürnberg with Wagner specialists Theo Adam, Rene Kollo, Peter Schreier and Lucia Popp closes this year's events.

Frontier Art/Milan

Phoebe Tait

Beneath the Gothic mass of Milan's cathedral a whitewashed warren of an ancient graveyard, now converted to gallery space, is bustling with activity. Appropriate to this underground venue, the genesis of the works in this major exhibition of paintings at the Sagrato del Duomo (Cathedral Square) gallery may be found in the subways of New York City.

"Frontier Art," more commonly known as graffiti, was regarded little more than a decade ago as the work of vandals and synonymous with the increase in New York's crime rate. The city government and the MTA (Metropolitan Transportation Authority) spent an estimated $150m in a campaign to clean up the subways and to inhibit the work of "writers" (a current term for graffitists).

From these unsalubrious beginnings Frontier Art is establishing itself near the forefront of contemporary artistic achievement. Whether major exhibitions such as the present one, together with increasing demand in the art market for portable graffiti, will domesticate or at least tame the force behind such work remains to be seen.

The exponents of Frontier Art practise their calling mainly on the geographical edges of Manhattan, the Lower East Side and the South Bronx. The literal frontier between Ghettos and the glittering high rises of the city is also a cultural and racial boundary separating the elite from the masses. Yet while the majority of the artists are indigenous to decaying neighbourhoods and create their work primarily in and for their own environment, their success is now being measured amid the enclaves of established culture.

This provocative exhibition demonstrates very clearly the relationship between works of art and the context within which they are produced. Graffiti – whether it is streaking New York subway trains, straddling derelict buildings or exploding in colour across suburban playgrounds – cannot be separated from context. Portable graffiti on canvas, plastic, stone or wood can be removed from context, as is necessary in the mounting of a public exhibition. One might expect the *full meaning of the work, in such a* case, to be lost. But the force of the work remains strident, adventurous, fun and intelligent.

Of the numerous items on show those by Rammellzee, a young New Yorker without any formal education, and Keith Haring are perhaps the most accessible. "Gothic Futurism" is one of the many terms Rammellzee applies to his equally numerous techniques. Among the more striking examples are marble works which are cut, collaged and painted.

Keith Haring paints and delineates in fluorescent colours. He combines an interest in myth, ritual and symbol with the use of avant garde technique. Using a style that is quintessential New York graffiti – but nonetheless highly sophisticated – Haring manages to retell primordial myths with surprising force. One colourful example is his wall-sized painting entitled "July 11" and depicting the Romulus and Remus myth.

This adventurous and stimulating exhibition is on display in Milan until August 20. It then transfers to Rome for September and October and may be brought to London later in the year.

New season at the Old Vic

After a successful first season at the Old Vic, which recorded attendances of around 66 per cent, the 1984-85 season, and a new subscription scheme, have been announced. The season starts on September 27 with a farce by Bamber Gascoigne, *Big in Brazil*.

Then comes Glenda Jackson in Racine's *Phedra*; *Great Expectations*, adapted by Peter Coe; *The Lonely Road*, by Arthur Schnitzler, a British première starring Anthony Hopkins; and a new comedy by William Douglas Home, *After the Ball is Over*.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry SchroderWagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	¶12%	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd.	12½%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12½%		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75% £10,000, 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¾%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 9¾%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

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Tuesday July 31 1984

Nigeria and its creditors

NIGERIA'S proposal to reschedule its $3bn insured trade arrears without having first come to an agreement with the International Monetary Fund on a recovery programme for its depressed economy poses a sensitive problem for Britain in particular and its Western trading partners in general.

It raises the issue of how far western governments should go in their support of the conditions attached to IMF programmes, and may also have implications for the Paris Club, which always ties rescheduling terms to IMF deals with the country concerned.

Western suppliers owed some $3bn and covered by export credit guarantees are being asked to accept the same terms on which Lagos and its uninsured suppliers reached agreement last April, involving some $3bn in trade arrears.

If the proposal is accepted, Nigeria's trading relationship with the outside world can be put on a fresh footing: the military government has expressed its determination to honour post-January 1984 trade debts on normal commercial terms.

Trade arrears

This would not, however, resolve Nigeria's acute economic difficulties, which have been the subject of negotiations with the IMF over the past 18 months. Nigeria is seeking a loan of $3bn to overcome the devastating effects of the fall in the price of oil — which accounts for over 95 per cent of export earnings — coupled with over-ambitious development programmes, mismanagement and corruption on a grand scale.

The country's balance of payments has run at an average deficit of over $5bn for the past three years, reserves barely represent one month's import cover, and trade arrears have reached $6bn.

Both parties to the IMF negotiations, which began when the *civilian president*, Alhaji Shehu Shagari was in power, agreed that structural reforms were essential for an economy in which agriculture in particular had been severely weakened by the distorting effects of an oil-dominated economy.

The export credit agencies have not been directly involved. But Nigeria's insured trade creditors, led by Britain's Export Credits Guarantee Department, have made it clear that rescheduling is conditional on an IMF deal.

Negotiations with the Fund, however, are at an impasse, with little prospect of an early resolution. They are held up over three issues: the IMF's demand for an outright devaluation of the Naira, an end to the government subsidy of domestic petroleum prices, and the gradual dismantlement of Nigeria's complex system of import restrictions.

By publishing its terms for the rescheduling of the arrears—and asking for a response by the end of September—Nigeria has put the ball in the court of the export credit agencies and their governments.

It is a particularly thorny problem for Britain. Relations with Lagos have been strained by the abortive kidnapping of a prominent exile in London, apparently with the complicity of Nigerian diplomats in London.

Negotiations

The Export Credits Guarantee Department, the largest creditor, is exposed to the sum of about £600m and faces financial problems of its own. Debt rescheduling in place or under negotiations of over 30 countries, with a further 11 on the waiting list, has put the agency in deficit for the first time in 30 years.

But apart from any self interest in wanting the matter settled, Britain's response to Nigeria's rescheduling proposal could be critical to the country's military government, broadly pro-western, whose tenure may depend on its capacity to resolve its economic difficulties. If Britain decides to relax the IMF condition, other creditors are likely to follow.

The failure to reach an agreement with the IMF should not necessarily rule out consideration of Nigeria's proposal. The Government has been at pains to stress that the IMF negotiations have not broken down. As for the Paris Club, Nigeria has deliberately avoided a formal approach, arguing that the institution deals primarily with medium and long term debt, and not short term trade arrears.

It is the importance of short-term trade credits which distinguishes Nigeria's case from other debtor nations, and there is an argument for dealing with this problem promptly, so that trade with the rest of the world can be put on a more normal basis. But the export agencies and their governments, before agreeing to the proposals, will have to satisfy themselves that the Nigerian authorities really are prepared to take the rigorous measures necessary, with or without an IMF programme and including a substantial adjustment in the exchange rate, to put its economic house in order.

The wrong way to help the poor

THE rigidity of the labour market is one of the reasons why unemployment in Western Europe is higher than in the U.S. or Japan. Rules which were originally introduced—either by law or through collective bargaining—to protect people from unscrupulous employers now have the effect of reducing job opportunities. The need for change is widely recognised; employment protection laws, for example, are being made less restrictive. But there is one source of rigidity—statutory minimum wages—which some groups in the British Labour Party and in the trade union movement are eager to extend, on the ground that such rules contribute to social justice and the relief of poverty. The evidence suggests that, even if minimum wage laws had these desirable consequences, which is questionable, they would be more than outweighed by their adverse effect on employment.

A careful analysis of the theory and practice of minimum wage laws, written by Mr David Forrest and published this week by the Institute of Economic Affairs, leaves little doubt on the matter. He shows that young people, in particular, are affected by minimum wage laws in two ways. First, the number of jobs for which they can compete is reduced.

Second, employers are likely to cut down on the amount of on-the-job training which they offer. As Mr Forrest points out, general training has to be "paid for" by the worker through a reduced wage; minimum wage laws restrict the ability of the young worker to "purchase" such training and thus may lower the amount of his future income stream. The well-known difference between in industry is largely due to the much lower rate of pay offered the UK and West Germany in the number of apprenticeships by German employers to their apprentices in relation to the adult wage.

As an instrument of relieving poverty, minimum wage laws are of doubtful value. There is a low correlation between wage rates and poverty. The major cause of poverty is the absence of any income from work at all—among retired people and single-parent families, for example. Families may be poor even if the wage-earner earns a relatively high wage, because the needs of the family may be unusually large. Of course, some gainers from the legislation would come from poor families, but the effects would be widely *diffused and not concentrated* on those in greatest need. Raising low wages would not help the majority of poor people.

Arrangements

British trade unions have always had an ambivalent attitude towards minimum wage laws. Some trade union leaders deplore any government involvement in wage-setting since it reduces their own ability to negotiate on behalf of their members. But for unions which represent mainly unskilled workers at the lower end of the pay spectrum minimum wage laws have the effect of reducing the extent to which unorganised workers can undercut union-negotiated wage rates.

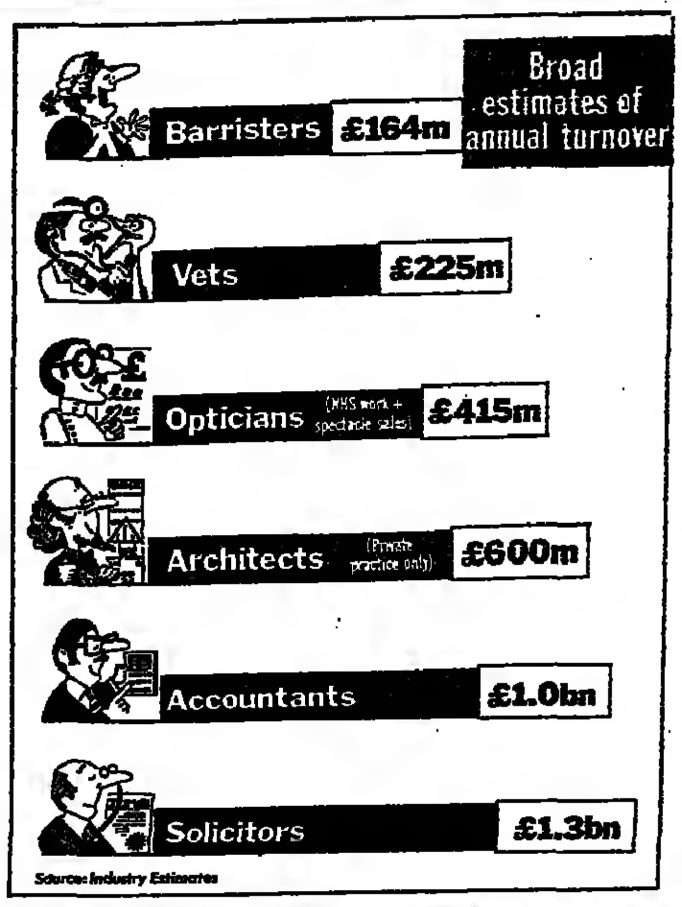
It is the fear of "unorganised" competition which underlies the attachment of some employers to minimum wage arrangements. In industries where it is easy for new entrants to set up in business, employers like to have a statutory instrument for forcing their would-be rivals to pay no less than the "going rate" of wages.

No one likes being undercut. But a removal of the taboo on undercutting is one of the most useful steps that can be taken to revive employment in Europe. Redistribution towards the poor is much better handled through the tax and social security system. This latter route may also involve unpopular decisions, for instance on selectivity, but at least it allows those with low earning capacity the option of some jobs rather than no jobs.

Britain's Professions

Competition barriers begin to crumble

Sue Cameron reports on the Government's efforts to inject more competition into a £4bn market



BRITAIN'S old-established professions today enjoy a combined annual turnover that is probably worth something in the region of £4bn. But there is a growing chorus of complaints that this sizeable slice of the services industry sector has been tied up far too neatly for far too long.

Not that solicitors, architects, vets, barristers, opticians, chartered accountants and the like are commonly thought of in terms of market sectors. The Department of Trade and Industry, which is currently taking an unwonted interest in the professions, candidly admits that it "hasn't a clue" what their gross sales are. Ditto the Office of Fair Trading.

And there are still plenty of practising professionals who clearly prefer to think of themselves as gentlemen rather than as players in a tough commercial world. Hence until now their near-total ban on all forms of promotional advertising and the claims of some of them that their monopoly positions are good for the public as well as for their own pockets.

But a haughty disdain of trade will not be sustainable for much longer. The UK Government, acting under some pressure from various lobby groups, intends to open up the professions to competition. The aim is to ensure that consumers have more choice, that they are better informed about the services available and—most important of all—that they have the benefit of more competitive pricing.

But there remain a number of imponderables. How successful will the Government be in achieving its declared aims? Are its proposed reforms sufficiently far-reaching? How well will it stand up to the professional fifth columnists within its own ministerial ranks? Above all else, will competition really lead to better service and lower prices for the public? Or—as the professions themselves *tend to predict—will the whole* initiative bring a lowering of standards in the very areas that are closest to the average consumer's heart, be it the title deeds to his home or medical attention for his ailing cat?

Mr Alex Fletcher, the Competition Minister, has no doubts

Some groups face competition from outside

that greater competition will benefit both the consumer and the professions themselves.

"Competition is not just for the sharp end of industry, for the steel workers and the car workers," he says. "The professions are part of a service industry sector that stretches from office cleaning to merchant banking. Economic changes have made it clear that this is the area where the new job opportunities are going to be.

"The professions also service manufacturing industry, so greater competition will benefit that sector, too. And while some professions operate only on the domestic front, there will be great opportunities for others in the EEC—particularly on the financial side.

"We hope to encourage the professional bodies to look after the consumer better—and to be seen to do so. In the past they have tended to look after the interests of their own members."

A key plank in the Government's policy is to persuade the professions to abandon their tight restrictions on advertising. These prevent any real competition—particularly on price, which is where it counts for the consumer. A number of successes have already been chalked up on this front.

Last month the Council of the Royal College of Veterinary Surgeons accepted advertising in principle, "subject to certain restraints." The Council of the Institute of Chartered Accountants of England and Wales is almost certain to follow suit later this summer—a motion urging a continued ban on advertising was roundly defeated at the institute's annual meeting a few weeks ago.

And on Midsummer Day the Law Society finally decided that the 7,500 solicitors' firms of England and Wales should be allowed to advertise from October 1 this year. However, TV ads, mail shots and claims that one company is actually more competent than its rivals will continue to be banned.

The solicitors' move is a key one, since the Government is understandably nervous about tackling the influential legal profession, whose members are sometimes prominent supporters of the Conservative party.

The professional arguments against advertising have a strikingly similar ring, whether they are being put by lawyers, opticians or vets. They usually admit that advertising would promote competition. But they claim that price competition already exists, with potential clients ringing round for estimates. They say it is, in any case, impossible to put a firm price on professional service until the client's exact needs are known. And they add that the public is in no position to know whether it is receiving value for money.

They also say that advertising could lead to price wars which might encourage some professional people to "cut corners" and lower standards. That, too, would be bad for the *consumer*.

This last argument was used by architects when they were fighting to keep mandatory fee scales. The Royal Institute of British Architects explains that it "wanted competition but we did not want architects undercutting each other." The point did not impress the Monopolies and Mergers Commission, which completed a spate of reports on both advertising and mandatory fee scales in the professions some eight years ago. The commission came down against mandatory fee scales for architects and in 1982 there was a change to recommended fee scales.

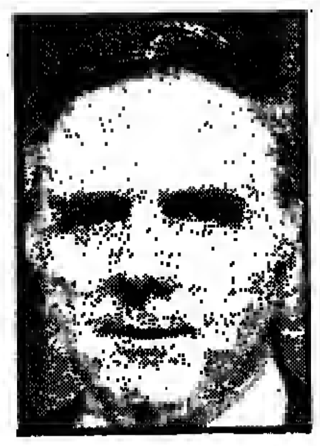
Whatever the merits of the professions' arguments, the barriers against advertising and against competitive pricing have clearly begun to crumble. There are a number of reasons for this comparatively sudden switch round.

One is the Government's threat — albeit voiced only in private — to bring in legislation if the professions remain obdurate. The Law Society, which maintains that it did not have its arm twisted on advertising, does admit that solicitors had to "face the possibility" of a change in the law.

Some groups have also found themselves facing the threat of competition from outside their own profession. A new breed of licensed conveyancers is set to muscle in on a market that was once the exclusive preserve of solicitors; chartered accountants are having to contend with the banks and with management consultancy firms; architects face competition from ordinary builders; and opticians will be up against the major retail chains once the new Health and Social Security Bill, which ends their monopoly on the dispensing of spectacles, becomes law.

"It's something of a chicken and egg situation," says the Office of Fair Trading. "Where professions have found themselves in competition with people outside, they've started recognising the need to change the rules. Market forces are bringing about changes as well as the consumer lobby. We're moving away from the days when the professions—by and large—were used only by the middle classes. So it's not just a matter of the professions being squeezed. There could be more business for them."

The Institute of Chartered Accountants of England and Wales says its members are "very conscious that there is business out there for which they can compete." Significantly, the institute admits that the arguments against advertising which it put to the MMC in 1976 "no longer hold good." In eight years chartered accountants have moved from "sharing out the work in a traditional market" to "competing against bodies that have no inhibitions on them—such as the banks."



Mr Alex Fletcher, the Competition Minister (left): "We hope to encourage the professional bodies to look after the consumer better—and to be seen to do so"

Even the British Veterinary Association, which says it "cannot see how promotional advertising will be in the interests of animals," admits that "informative" advertisements could be advantageous.

"When it comes to marketing the profession as a whole then I think there is room for improvement," says Mr Bernard Wells, chairman of the BVA's salaries and appointments committee. "If we're talking about informing the public of the services available and about preventive medicine, then more advertising might help both vets and animals."

Mr Wells believes greater use of advertising will make the top end of the veterinary market "more entrepreneurial." He does not expect advertising to put any vets out of business.

The Royal Institute of British Architects, which claims that pressure to allow architects to advertise was internally generated and did not come from the Government, says the ending of mandatory fee scales is likely to make its members more businesslike. Although it is early days yet, RIBA reckons that having to justify fees and itemise bills will "enable architects to sell more services — albeit at keener prices."

Officials at the OFT are cautious about the impact that advertising will have on professional fees generally. They expect some lowering of fees in certain sectors. But nobody seems to foresee either widespread closures of professional firms or an overnight collapse of prices.

The limited evidence available from abroad suggests that advertising is a weapon that can backfire.

Most developed countries place much the same restraints on their professions as Britain. But in 1977, a U.S. Supreme Court decision in effect opened the door to promotional advertising by American lawyers after a 71-year ban. Even so, the American Bar Association reports that lawyers have not exactly been jostling each other to walk through that door. Some of those who have crossed the threshold have found it a chastening experience.

"A small survey we carried out suggests that 13 per cent of lawyers have advertised at least once since 1977 although a bigger proportion are hiring PR firms to do their promotion for them," says the ABA.

"Some within the legal community have advertised very successfully. But others had no idea what they were doing. They didn't know how to handle an influx of business when it arrived. They'd spend a great deal of time taking 10 phone calls, out of which they'd only get one client. The other nine would be nutters or people shopping around or callers wanting to know if they had a legal problem at all."

Nevertheless, some American firms have set up legal practice chains in shopping centres all over the U.S. They have fixed price tariffs and have cut their costs through the use of paralegal staff, word processors and standardised forms.

Back in the UK, solicitors show no sign of such commercial ambition. But they are eyeing up the traditional territorial preserve of barristers. The International Bar Association points out that Britain and some of her former territories are almost the only countries in the world with a "non-fused" legal profession: only barristers can plead for clients in the higher courts—and only solicitors can introduce clients to barristers.

But now the Law Society is pressing strongly for the removal of the barristers' monopoly in the higher courts. The Government, however, says it is "postponing" action on this front.

And Ministers have no immediate plans for allowing chartered accountants the limited company status that some of them are now beginning to demand. Such a move—from unlimited to limited liability—would involve *an indemnity* scheme to ensure adequate client compensation and changes in the Companies Acts. Meanwhile, the EEC Eighth Directive, scheduled to be fully operational by the end of the decade, would allow accountants to choose whether

Solicitors are eyeing barristers' territorial preserve

they wanted to be partnerships or companies.

One area where the Government seems likely to content itself with exhortation is in reforming the professions' governing bodies and their attendant professional conduct committees.

Yet the fact that the professions have their own machinery for dealing with complaints is often put forward by those who argue that restrictions on professional groups actually help to safeguard the public. What is perhaps less well known is that the professional bodies will hardly ever handle customer complaints about negligence. These, they say, must be settled by the courts.

Ministers are believed to be anxious to see more independent laymen on the professions' ruling bodies. But they are not expected to force the issue. For the moment, at least, they are concentrating on the consolidation of the beach-head they have won on advertising.

Men and Matters

Spring in Park Lane

At first glance, Robert Burns, the man who strode into London with a cheque for £40m-plus and bought the Dorchester Hotel in Park Lane, looks like one of those TV family doctors. His white hair is carefully tended; his dark suit neatly cut; and his trim figure speaks of a 54-year-old who watches his calorie intake and spends time on the tennis court and in the swimming pool.

There are some who think he must also be mad to pay such a price — the biggest ever — for a London hotel. But if he is, then it is a madness which has proved infectious. For Burns has managed to talk U.S. investors into the deal and convinced Williams and Glyn's, Manufacturers Hanover Trust and Merrill Lynch Capital Markets that putting up 60 per cent of the cash is a good idea.

Perhaps even more impressive is that he has persuaded the much praised Dorchester manager, Udo Schlentrich, and chef Anton Mosimann, that favourite of the food critics, to stay on. This dynamic duo, I suspect would almost have its bags packed the moment news of any sale began to circulate. "New hotel owners can be like new newspaper owners." Schlentrich told me darkly. "You never know what to expect."

But Burns has a soothing bedside manner. It is a technique he probably learned from being on the Schlentrich side of things himself — he was a Hilton general manager in Hawaii — and which he has perfected since with the acquisition of 14 hotels in as many years.

Burns graduated from Michigan State University's hotel school and has spent time with Sheraton and Westin (then Western) as well as Hilton. In 1970 he founded his own business and, now based in Hong Kong where the financial climate appeals to his entrepreneurial leanings, has de luxe *properties showing his Regent* International corporate flag in much of Asia and the U.S.

"They took all our money at gunpoint—of course, being British I demanded a refund"

Burns does not reckon he has paid too much for the Dorchester though, he says, "the bankers may have to be patient." With talk of upgrading a hotel which has already had £12m spent on it in the past three years, this may be more than a gentle joke. But Burns obviously believes that others are eager to join in his dreams. "I would love to have something in Rome, Geneva, Milan, Munich . . ."

Legal coin

My legal friends have been doing some calculations about the size of their industry in England and Wales these days.

It has been reported that £30m in premium income will be needed from September to run the profession's indemnity insurance scheme for 1984-85. This *is obtained by the consortium*, headed by Guardian Royal Exchange, which runs the scheme, levying an average contribution of 1.88 per cent of every solicitor's gross income.

On that basis, it seems that the profession's overall income must now be around £1.5bn a year.

Letter case

What's in a letter of the alphabet? Normally perhaps not much: but plenty when the brew is a combustible one of West German and domestic politics, the delicate relations between the two Germanies, and the Olympic games, complete with boycotts.

You may be forgiven for having let the momentous fact slip in front of the TV set in the small hours of last Sunday morning. But during the opening ceremony in the Los Angeles Coliseum, the West Germans were 45th and not 40th in the parade of teams to enter the stadium.

Now, the really alert among you will have pounced on the fact that 40th was, of course, where the team *should* have been, had it stuck to its official position among the "F"s as the Federal Republic of Germany. This time though—and on the express instructions of Hans Dietrich Genscher, the Bonn Foreign Minister—it lined up 45th under the "G"s as plain old Germany. All of which has stirred up a nice little politico-diplomatic rumpus.

Bonn has always insisted that there is but one Germany, albeit divided. In 1979, however, it agreed for Olympic purposes to be called the FRG, to distinguish it from the German Democratic Republic, or East Germany, which, of course is giving the Olympics a miss this time.

So what is Genscher doing, staging this blow for German reunification when the other half is not even in Los Angeles, and when the present flirtation between West and East Germany is sending shudders through the Moscow gerontocracy?

Is this a cunning gambit in the great East-West chess game, or a bit of domestic political opportunism on behalf of Genscher's tiny beleagured Free Democrat Party? In truth no one really knows. The opposition Social Democrats have weighed in, berating Genscher for a "completely useless action," snubbing the National Olympic Committee and starting another futile argument over which German team is called what. Genscher is unrepentant.

Games report

Meanwhile, further word reaches me that East Germany continues to disgruntled that it was obliged to bow out of the Los Angeles Games.

Neues Deutschland, the East German paper, reprinted an editorial from the Hungarian Communist newspaper Nepszabadsag saying that Hungary "regretted" that its athletes were unable to take part, and noting it did not wish to deny the legitimacy of the "Games." It said the Hungarian Press would report on the event.

My Berlin correspondent tells me East Germany's publication of the commentary indicated it would also report the Games. He says East Germany is particularly upset at not being able to participate. The East Germans had counted on second or third place overall for their country.

Privet lives

From the staff magazine of a Southampton company: "One tends to think of MPs as rather sedentary people, but in fact many of them are active sportsmen. Fencing is very popular among Members."—But their favourite pastime, of course, is hedging.

Observer

Letters to the Editor

Socially necessary services

From Mr J. Birch

Sir,—Unlike Prof Beesley (July 20) I was refreshed by your second leader on the "Buses" White Paper. Unlike Prof Beesley, although he contributed to a critique in the White Paper, I have a lifetime's experience of bus operation, in the period of growth and in the period of decline. My family business ran buses for more than a century. Yet, with all its experience had to opt out and, like most other independents, rely on more predictable activities such as coaching.

From this base, I agree with your leader that "in his rush to unfettered competition Mr Ridley may have overlooked some more attractive half-way houses." The idea of tendering (by lowest level of subsidy) for socially necessary but uncommercial services started in the bus industry — which is much maligned in the White Paper. The trouble is that, although the Government has adopted this idea, it couples it with freedom for others to cream off the best parts of such services, thus requiring greater subsidy on the remainder. The Government seeks to escape its responsibilities, leaving the county councils, with insufficient money, to take the blame for the inevitable further decline in services. Contrary to the dubious analysis in the White Paper, the scope for private operators to run more services is relatively small.

Certainly, there would be gains for some operators and some passengers, and central government would save some money, but other people would quite unnecessarily be deprived of services vital to them.

Prof Beesley is right to say we should look at the actual arguments and evidence of the White Paper. It *repeatedly* speaks of the success of the trial areas, but Annex 3 does not justify the claim. Moreover, it clearly implies that financial savings in Norfolk were due to deregulation: the Government knows that that was not the case. The paper further claims that the "Conservative Government" attempted in 1974 "to deregulate *services provided by small buses*." I was personally involved at that time and deregulation was not intended. The aim was only to relax licensing and this would have been limited so as to avoid undermining existing bus services. Again, the assessment of developments following the 1980 Act stands the reality on its head. Disadvantages were not hidden. The great expansion of bus services during the next quarter-century simply could not have taken place without that legislation.

So, I agree with Professor Beesley that we need to examine the detail of the White Paper. Such examination indeed shows your leader was a shrewd piece of analysis.

To conclude, the best part of the White Paper is the first two paragraphs which so accurately set the scene . . . and these are thereafter so unfortunately forgotten.

John M. Birch,
6, Woodside Park Road,
Finchley, N12.

Regcentricity and management

From Professor R. Revans

Sir, — I must congratulate you and Mr Michael Dixon for advising your readers on the dangers of much that, over the last 30 years, has passed for management development. And I must add how flattered I feel to see your references to my own efforts for even longer. But we must be wary. It is not enough to regret the past; we must put managements on their guard about the future.

You recount (July 16) some of the history of action learning, and go on to mention that "some more recent practitioners attempt to reduce what they term the method's 'Regcentricity'" — a neologism suggesting I had some part in developing the idea. In advocating it since 1945 I have been opposed by the stupid and ridiculed by the clever; in half a lifetime I have twice resigned my job as head of some educational body known across the world in order to protect the idea, and, on each occasion, sacrificed my pension rights. Only the contempt of the experts directed at my endeavours sustained me as one decade succeeded another.

We are now, it seems, to witness new forms of academic resentment: attempts to reduce "Regcentricity." But they, too, will fail. For the practitioners, as they are called, are careful never to commit their original thoughts to writing. The literature of action learning is little other than my own hundreds of papers, certainly across the desert years. Pronouncements by others (such as Mr Garratt in your current article about the rate of learning needing to equal or to exceed the rate of change) merely repeat the simpler arguments of my early work. I am glad, of course, that such repetitions may help my ideas to spread. . . But there is a serious danger. By carefully avoiding all written record of their achievements, they both deprive managements of any means of assessing the value of their services, and they can diffuse the rumour that action learning has made great advances only since the practitioners took it into their care. I observe that no reference is made to the papers that do exist about what has been done, save to the book insinuating the need to have a go at "Regcentricity."

Management needs to look out. Calling in the new experts will lead to more trouble than did dealing with the last; they, at least, had published thousands of books about what they had to offer. Managements might have been too busy to read them, and thereby could not find means of evaluating how worthwhile were the courses built upon them. The business schools, now faced with criticisms in every land, can at least protest that management could well have known what it was letting itself in for by looking at the literature. The new lads (and lassies) calling themselves the action learning practitioners cannot even point to anything they thought up on their own.

(Professor) Reg Revans,
8, Higher Downs,
Altrincham,
Cheshire.

Advice from professionals

From the Chairman,
Daryl Industries.

Sir,—". . . advice from a bank manager is not impartial" according to Ian Hamilton Fazey (Management Page, July 24) quoting his accountant friend's advice to would be entrepreneurs that they should not automatically believe that bank managers are trusted friends and advisers.

Quite right, Mr Fazey, but why limit this very valid criticism to just one kind of professional? Are the accountants, architects, estate agents, surveyors, stock brokers, insurance brokers, doctors, dentists and lawyers fundamentally different?

No, just as the bank managers, they are in it for the money. Emulating manual workers, they form trade unions to protect themselves and achieve the highest possible rewards, although calling these unions professional bodies because it sounds so much more genteel. There is nothing wrong in so doing and the motives are quite understandable, but it galls me when these protective organisations are presented as protectors of the public.

Of course, any professional who wants to get on will cultivate the complementary professions by social contact, golf club, rotary or the masons. So when your solicitor recommends an estate agent or a building society, there is every likelihood that the customary introductory commission will change hands at a later date. Again, I would not fault this of a hard nosed commercial practice, just the concealment approach behind an aura of high flown respectability and professional ethics.

Mr Fazey's friend — Mr A — is proud that he is a member of the Institute of Chartered Accountants whose duty is always to his clients. Nonsense, his first duty is to bring home money to his wife and children, then the client comes into the picture.

Mr A chatters on about there being no avenue open for complaining about the bank manager or suing him for negligence in giving wrong advice. Sounds good, but Mr A keeps his tongue in cheek because he knows just how fireproof he is.

Let's suppose that a disgruntled client decides to sue, and sets about finding a solicitor and another qualified accountant to act as his expert witness in the court. He'll have a problem in finding them because of the unwritten law about not attacking a professional colleague. If persistent enough and persuasive enough to secure the services of a lawyer and accountant in court, he then comes up against the problem of the judge who was also a member of a professional body when he was a barrister. This fact does not preclude obtaining justice, it only means that it is that much harder to win than indicated by the facts of the case.

Not only has the disgruntled client little hope of succeeding in an action against a member of a professional body, he has to overcome the fact that the defendant will have the benefit of professional insurance. Frankly, this means that the plaintiff is on a hiding to nothing, because the costs involved are horrendous and could easily bankrupt the plaintiff, whereas the defendant will suffer some adverse publicity if he loses, but that will only be a seven-day wonder in the local paper and soon dies down.

Melville Bernstein.
Alfred Road,
Wallasey, Wirral.

Brighton west pier

Conserving the heritage

From the Managing Director,
Norfolk Resort Hotel.

Sir, — Opening the debate on the priority of conserving our heritage, Sir Roy Strong (July 26) highlights the need to establish a critical path.

To extend his comment further, surely it is important to include as part of any review of expenditure, heritage that could be lost for ever?

As an example, the west pier in Brighton, a masterpiece of victorian engineering and design could be saved from collapse into the sea for £2m. If an opportunity of saving such a structure is passed up, it is not just a matter of loss to a foreign country but a loss to eternity.

Robert P. Field.
Kings Road, Brighton.
East sussex.

Sellafield and inspection

From Mr D. Lowry

Sir,—Mr Fishlock, your science editor, reported (July 24) that at the Press conference held on the publication of the "Report on the investigation of the possible increased incidence of cancer in West Cumbria," its chairman Sir Douglas Black commented repeatedly on the importance of comparing the risks of radiation "not with zero risk but with the risks of other ways of generating electricity."

Sir Douglas is, of course, correct in insisting on this broad perspective. But his insistence on breadth doesn't go far enough. The reason is that Windscale (Sellafield) is not just a facility dealing with nuclear electricity but is also part of British Nuclear Fuel's (BNFL) military processing system.

This was made clear by Mr Fishlock over seven years ago in his article, "A sane approach to non-proliferation" (March 8 1977), where in discussing the operation of Windscale and British voluntary accession to nuclear safeguards Mr Fishlock stated: "The terms (of the safeguard agreement) will however safeguard UK military interests by excluding inspectors from parts of the [Windscale] plant storing or processing plutonium metal for weapons. Physical and chemical changes in nuclear explosives require that it be reprocessed at regular intervals. This is the over-riding reason why the Government will give the go-ahead to British Nuclear Fuel's plans to spend £245m redeveloping its existing 2,500 tonne reprocessing plant at Windscale.

This being so, it is surprising therefore to find Sir Douglas, at the Press launch, not addressing Windscale's military role and the contribution this activity makes to radioactive pollution. The surprise is accentuated by the fact that in late 1982, in Cambridge, Sir Douglas acted as joint chairman to a major international conference of doctors sponsored by the International Physicians for the Prevention of Nuclear War (IPPNW).

This leaves one wondering whether Sir Douglas was told not to address the implications of the military link. If so, this may well mean the "Black Report's" results are a good deal less than comprehensive as the isolated reference to the 15 per cent military contribution to radioactive discharge appears to rely entirely upon evidence submitted jointly by the Ministry of Defence and BNFL with no independent source to counterbalance this.

David Lowry,
Energy Research Group,
Open University,
Walton Hall,
Milton Keynes, Bucks.

Change and the price mechanism

From Mr J. Dean.

Sir,—Like all economists, Samuel Brittan (July 19) has a healthy respect for the effectiveness of the price mechanism. It induces change with an effectiveness and speed which nothing else can, and we interfere with it at our peril.

It is well known that Mr Brittan believes that this principle operates as much in the labour market as any other, but his latest article on market-clearing wages suggests that this subject is now becoming an obsession with him. Someone should tell him, because it is warping his wider judgment.

His view is that when unions exercise their monopoly power to force up wages the result is either more inflation, which destroys the value of the higher wages, or a reduction of profits, which cuts back output and hence jobs. Either way, the unions lose, or at least fail to gain.

I think this is the way Mr Brittan imagines it to be, rather than the way it is: From 1970 to 1980, the consumers expenditure deflator went up 3½ times, income from employment went up 4½ times, and gross trading profits went up five times. Two major bursts of inflation certainly did occur, but they were largely due to external events, notably higher oil prices, and the labour wage rate increases which followed were largely reactions.

Inflexible wage rates have always been an important prop of the arguments of classical and neo-classical economists when explaining why the system fails to work smoothly; the Keynesians thought it was more complicated. I am not sure where Mr Brittan now stands, but so far all the schools have fallen down on the real issue here, ie, how does an economy achieve relatively painless structural change?

The deplorable events surrounding the coal strike which Mr Brittan draws into his article have nothing to do with flexible wage rates. They are simply a reflection of the fact that nobody, whether coal miners or journalists, likes change which is imposed on them. Unfortunately change is a fact of industrial life, and the unsolved question is how it can be brought about as painlessly as possible. The issues are not just economic; they are also social. It is open to question whether the institutions of our society can tolerate the rate of change now occurring; they are unlikely to if we propose narrow economic remedies. Market-clearing wage rates, with the additions they make to uncertainty, might add more to our stock of troubles than they take away from it.

One does not have to quarrel with Mr Brittan's view that the lower the level of wages, the more people will be employed, to feel that this approach will push us towards a labour-intensive society which is neither desired nor desirable, and that the history of the two hundred years since the industrial revolution tells us that in the end labour-saving devices benefit everyone, labour included. If the early textile workers really had accepted market-clearing wages when times were bad (they didn't—they became unemployed) would the flying shuttle have been adopted or would we still be weaving cloth by hand?

J. M. Dean.
57, Woodcote Valley Road,
Purley, Surrey.

British Telecom's finances

From the Board Member
for Finance, British
Telecommunications

Sir,—The chart accompanying Max Wilkinson's informative article (July 26) gives a wrong impression of British Telecom's current financial position and our standing in the world telecommunications community.

The figures you show came from our accounts for 1982-83, which included a supplementary depreciation charge. Since then, however, we have published our latest figures (July 20), using the historical cost convention. These show a profit of £990m (about $1.3bn) on a turnover of £6.8bn (about $9.2bn), for the 12 months ending March 31, 1984.

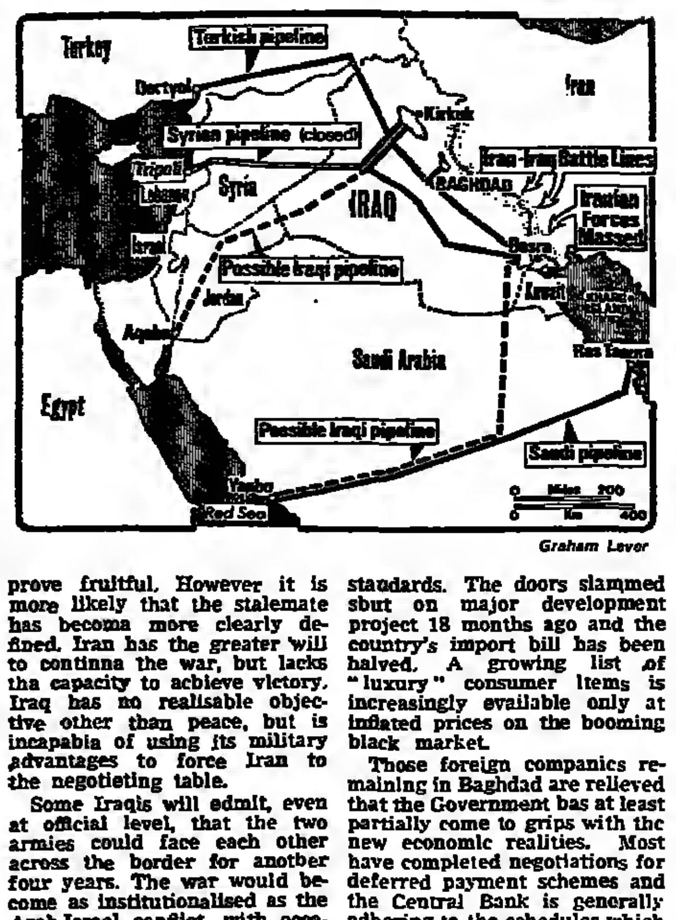
Our customers will wish to be reassured that, in this context, British Telecom's financial performance compares favourably with AT & T's reported figures for the year ended December 1983.

F. D. Perryman.
2-12, Gresham Street, EC2.

The Iran-Iraq war

Stalemate in the Gulf

By Roger Matthews, Middle East Editor



Graham Lever

IRAN'S OIL exports from Kharg Island, its vital terminal in the Gulf, were last week running at about 1.8m barrels a day—almost as high as they have been at any time since the war with Iraq started 46 months ago.

Not a single tanker has been sunk and no cargo irrecoverably lost since Iraq announced a total exclusion zone around the terminal on February 27. At the time the threat appeared potent. Iraq had taken delivery of five French-built Super-Etendard aircraft which, with their Exocet missiles, immediately evoked memories of Argentinian successes against the British navy during the Falklands conflict.

The exclusion zone remains officially in force and Iraq is still pledged to attack any vessel entering the area around Kharg. However, to date, the only real cost to Iran appears to be the average $2.6 per barrel discount it is having to offer tanker owners in order to run the putative blockade.

Nevertheless in Baghdad the exclusion zone has been a total success. "Siege of Kharg proves effective. Iran's economy paralysed," newspaper readers were told last week. President Saddam Hussein still assures a weary population that Iraq has the capacity to strike at any target in Iran and will deal "crippling blows" to that country if it dares to launch another ground offensive.

In Tehran the offensive for which up to 400,000 men have been assembled remains imminent, as it has been for the past four months. The mullahs hesitate to order the assault but Iraq is not pushing them into taking a decision.

The huge concentration of men, just a few minutes flying time from Iraq's forward air bases is virtually unharried from the air. "The best stocked shooting gallery in the history of modern warfare and almost defenceless against sustained, determined air attack," commented one Arab diplomat in Baghdad. "I simply cannot understand why the Iraqi air force spends most of its time on the ground."

The lack of urgency from either side could indicate that the futility of the war and its shocking cost of at least 250,000 lives is beginning to be appreciated. Perhaps, as some Islamic states believe, a fresh peace initiative could now prove fruitful. However it is more likely that the stalemate has become more clearly defined. Iran has the greater will to continue the war, but lacks the capacity to achieve victory. Iraq has no realisable objective other than peace, but is incapable of using its military advantages to force Iran to the negotiating table.

Some Iraqis will admit, even at official level, that the two armies could face each other across the border for another four years. The war would become as institutionalised as the Arab-Israel conflict, with occasional bursts of military activity which do little if anything to resolve the dispute.

Simultaneously, the war has become the focal point, almost the *raison d'etre*, for both regimes. Their legitimacy and their right to demand popular support can no longer be separated from the war effort. Decisions on whether to intensify the land or sea war may, in future, be more indicative of domestic political pressures than of more objective military assessments.

Those pressures are primarily economic, particularly for Iraq. Its ports have been closed since the start of the conflict and it is heavily dependent on financial support from Saudia Arabia and Kuwait. President Hussein has all but given up the pretence that the war will not have a drastic effect on Iraqi living standards. The doors slammed shut on major development project 18 months ago and the country's import bill has been halved. A growing list of "luxury" consumer items is increasingly available only at inflated prices on the booming black market.

Those foreign companies remaining in Baghdad are relieved that the Government has at least partially come to grips with the new economic realities. Most have completed negotiations for deferred payment schemes and the Central Bank is generally adhering to the schedules which have been agreed. Iraq has also succeeded in acquiring external financing for essential imports and for some existing projects, often with foreign government credit guarantees.

Even so, Iraq's foreign trade deficit may still amount to some $3bn this year, to which must be added the cost of financing the war and foreign workers' remittances when seeking to calculate any approximation of its total hard currency requirement. The figure is unlikely to be less than $8bn in 1984 and could be much higher. With the price of oil continuing to soften and Iraq's commercial borrowing capacity severely limited by the international debt crisis, the role of Saudi Arabia in sustaining the Iraqi economy has become even more critical.

It has been obvious for the past two years that the only way Iraq can lessen this dependence is by acquiring additional oil export facilities. Apart from expanding the capability of the sole operating pipeline to Turkey to nearly 1m b/d, Iraq has been showing a curious lack of urgency in pursuing the alternatives.

The most likely option remains a 500,000 b/d spur line to link up with the Saudi east-west pipeline as the forerunner to a wholly Iraqi pipeline across Saudi Arabia, capable of carrying 1.5m b/d. Despite the enthusiasm of the U.S., the Iraqi leadership is still wary about an alternative suggestion, a pipeline to Aqaba in Jordan, because it would terminate only a few miles from Israel.

The U.S., however, has been advising Saudi Arabia that should Iran ever seek to make good its threat to shut the Strait of Hormuz, the Kingdom will require the full 1.8m b/d capacity of the east-west pipeline for its own crude. Because of this, Saudi Arabia is now studying a plan to expand the capacity of the pipeline to 2.5m b/d, the best indication yet that the Iraqi spur-line may get underway fairly soon.

The timing of the construction may depend on Saudi Arabia's assessment of world oil demand. During the second quarter of this year production by members of the Organisation of Petroleum Exporting Countries exceeded demand by about 1.8m b/d. Spot prices for Arabian light are nearly $2 below the official Opec price. A swift end to the Gulf war could shatter Opec's strategy of holding together its fragile production sharing pact until the hoped-for resurgence in world demand towards the end of 1985.

An additional 500,000 b/d of Iraqi crude in about 18 months' time could be far more easily accommodated. If current prices are maintained this would approximately halve the annual subventions which Baghdad needs from Saudi Arabia.

Since February Iraq has been trying to demonstrate the dangers of the war spreading to involve other countries in the region and perhaps even the U.S. and the Soviet Union. So far, it has failed. But in the absence of any other strategy, Iraq is certain to continue its attacks on Gulf shipping. To do otherwise would be to admit that the war will continue for just so long as Iran wishes it.

FINANCIAL TIMES
Tuesday July 31 1984

Dorchester deal may add 25% to London hotel values

By Arthur Sandles in London

THE DORCHESTER hotel in London's Park Lane has been sold to a U.S.-owned group for a figure officially "around £40m", but said to be nearer £50m, in Britain's biggest single hotel deal.

The sale by a Middle Eastern consortium to Hong Kong-based Regent International Hotels, a private company controlled by American Mr Robert Burns, may have added as much as a quarter to the value of luxury London hotels overnight.

The price, equivalent to at least £140,000 for each of the Dorchester's 285 rooms, even allowing for the high number of suites, would put a £60m tag on bigger nearby properties, such as Trusthouse Forte's Grosvenor House, the Hilton and Grand Metropolitan's Inter-Continental.

The much smaller, Canadian-owned Inn on the Park would still be worth nearly £30m.

Regent has acquired the hotel with backing from Williams & Glyn's, Manufacturers Hanover Trust and the Merrill Lynch Capital Markets Group. Between them, the banks have put up about 60 per cent of the capital, much of it in loans.

The exact nature of the financial package is understood to be still under negotiation.

For the moment, however, the Dorchester will be owned by Regent Dorchester, a UK-registered company 50 per cent owned by Regent International and the rest by other investors. The hotel will be managed by Regent International. The main investors are Chriswell and Waverley, two U.S. groups.

The Dorchester has been on the market for some time and contenders are believed to have included Meridien, the Air France subsidiary, and Westin, the U.S. hotel chain. Only Regent was willing to meet the kind of price that the Dorchester's owners were suggesting.

The hotel, built in 1931, was bought by an Arab syndicate from McAlpine family interests for £9.5m in 1976. A Lebanon-based group took over in 1979 for a reported £17m.

Since then, the owners have spent more than £12m on refurbishing the property.

Regent runs 14 other hotels in the U.S. and the Pacific basin – notably in the Far East and Australasia. Its flagship is the Regent in Hong Kong, a 602-roomed waterfront hotel. The Dorchester is the group's first European purchase but will not, according to Mr Burns, be the last.

Regent plans further refurbishment of the Dorchester. About £2m has been earmarked for further air-conditioning.

Mr Burns said he was delighted to get the Dorchester because "it is one of the great hotels of the world."

Conventional hotel wisdom is that to make economic sense, hotels must charge in pounds per night the capital cost of a room in thousands. Thus a room that costs £25,000 to build and furnish is priced at £25 a night. On that basis the Dorchester rate would be £140 a night.

Present rates range from £65 for a basic single, £105 for a double and from £150 to £500 for suites. Mr Burns said that those prices would rise only roughly parallel with inflation. Mr Udo Schlentrich, Dorchester's general manager, said increased revenue would come partly from Regent's ability to market the hotel at seasons of the year when London was quieter.

IBM, British Telecom plan joint venture

BY GUY DE JONQUIERES IN LONDON

IBM, the world's largest computer manufacturer, plans to form a joint venture with British Telecom to build and operate a sophisticated UK network designed to carry a wide range of electronic information services.

The proposal, involving investment of several tens of millions of pounds, seems likely to provoke a political controversy ahead of the sale of shares in the organisation, planned for this autumn.

ICL, the largest British-owned computer manufacturer, said yesterday it would press the Government not to grant a licence for the planned joint venture. ICL, which wants to set up a similar network of its own, complained that the proposal would give BT and IBM an unfair advantage.

Istel, the information systems arm of the BL automotive group, also expressed concern. It said that British Telecom appeared to be acting to strengthen IBM's proprietary computer network standards when the Government was committed to promoting internationally agreed standards which were not controlled by any one company.

The planned joint venture – which would be linked to BT's other data networks – would use IBM's own data communications technique, Systems Network Architecture. Its chief executive would come from IBM and it would initially be controlled by computers installed at the company's large data processing centre in Warwick, in the British Midlands.

BT said a joint venture with IBM would enable it to establish rapidly a range of advanced "value-added network" services such as electronic mail and computer database links of interest to many customers in industries such as insurance, banking and retailing.

Although the market for such services is still small, future applications are expected to include computerised ticketing and billing, electronic payments systems and banking and financial market transactions.

Half of BT's business customers, including many larger British organisations and local subsidiaries of multinational companies, already use IBM computers. Before its agreement with BT, IBM was studying proposals to set up a UK communications network of its own.

British Telecom and IBM expect to announce detailed proposals for the joint venture, which would be a separate subsidiary, in the early autumn after giving it further study. The Government, which will seek public comment on the project, is not expected to decide whether to grant a licence until after BT is privatised.

The proposal confronts the Government with a difficult choice. It must seek to reconcile its aim of giving BT greater commercial freedom with objections from UK suppliers, such as ICL, that it would be hard to compete against a joint venture owned by two companies which dominate their respective industries.

Mercury wins concessions, Page 9

German coalition agrees on power station

By Rupert Cornwell in Bonn

WEST GERMANY'S coalition parties last night reached a laborious compromise over the controversial new Buschhaus coal-fired power station, which should avert the risk of an embarrassing defeat in parliament.

The deal was struck at a meeting of leaders of the three partners, chaired by Chancellor Helmut Kohl. The Bundestag has been recalled for its first emergency session for six years to debate Buschhaus today, while the Cabinet is to take a final decision tomorrow.

The summer political storm blew up over the refusal of the junior government party, the Free Democrats (FDP), to sanction the planned August 1 start-up of the station, sited in Lower Saxony near the East German border.

Like the opposition Social Democrats and Greens, the FDP had opposed the scheme, on the ground that Buschhaus was not fitted with a filter to reduce the emission of sulphurous pollutants.

If the FDP had not budged, the Government would have been condemned to parliamentary defeat and seen its credibility further undermined.

The FPD, whose behaviour infuriated Chancellor Kohl, not least by forcing him to interrupt a holiday in Austria, settled for a compromise formula, however.

That involves an agreement to install the filter earlier than the 1987 or 1988 date previously envisaged, and to operate the station in as environmentally acceptable a fashion as possible.

THE LEX COLUMN

Stormy weather for gilts

It looks as if underwriting share issues by electrical companies may not be the best way of making money in the City of London during August. The share prices of both STC and Thorn EMI were both trailing badly enough yesterday to give the institutions a collective headache. The easy money these days is apparently to be made from underwriting issues by car manufacturers. How times have changed.

Gilt-edged

It may seem perverse, when the London market is wringing its hands over sterling and insisting that one-year interbank money should cost more than 12 per cent. But the gilt-edged market – which after yesterday's losses is at its lowest for almost two years – may at last be starting to think about its chances of a recovery. All the available bad news, from the fragility of Opec to the Public-Sector Borrowing Requirement costs of the miners' strike, should already be discounted in prices. And if nothing else, the gap in yields between London and New York which seemed so impressive a couple of months ago has dwindled to such an extent that, on past form, the current rally in New York should be dragging London along behind.

The short end of the market, clearly, will be without any natural buyers so long as the money markets remain under exchange-rate pressure. And the market has developed a picture of the Government Broker's funding tactics which indicates that any rally, however modest, will trigger a volley of tranchettes. Without expecting to be offered any individually indigestible tap stocks, the gilt-edged community still fears that it is going to be kept consistently over-fed, since in net terms the authorities will probably need to sell a further £5bn of stock this year.

On the grisly assumption that the coal strike lasts through the financial year while the oil price succumbs to Opec dissensions, the Government could indeed be left in an unpleasant squeeze between falling tax revenues and unplanned overspending. In that case the prospective amount of funding would sit on the market like a dead weight; but it is probably not the outlook most investors have in

mind, or need to. Rather, the general lack of enthusiasm seems traceable mainly to concern with events in the U.S., and particularly the effect of Federal Reserve policy on the bond market and the dollar.

In a way this is as it should be, since the U.S. bond market probably matters for the UK chiefly on account of its impact on exchange rates. But it could be wrong to draw the conclusion that a rising dollar will continue to be bad for gilts; the optimist can reasonably argue that the dollar has risen over the weekend just because U.S. bond yields have dropped.

System X

British Telecom's new digital exchange at Baynard House in London was presumably intended as a showpiece of System X technology. As it turns out, continuing installation problems have made the exchange's strategic position between the City and Fleet Street an unfortunate choice for both BT and its suppliers in the months before privatisation.

The dull stock market performance of Plessey compared with, for example, Ferranti, undoubtedly reflects doubts about the success of the group's transition to digital telecommunications. Plessey has made extensive provisions against potential difficulties but is pacing itself against ambitious delivery and margin targets.

It now looks as if Baynard House will be cut into the BT network some time in October or November, roughly four months behind an admittedly rather vague schedule. BT, which has so far insisted that everything must be in perfect working order before it throws the switch, will probably be ready to compromise a little if worries about the quality of the whole system undermine confidence just ahead of the flotation.

Despite BT's plan to introduce limited dual sourcing for its main exchanges, the appearance of any fundamental flaw in System X would have disastrous consequences for a capital spending programme which – to judge from the last annual report – is already well behind schedule.

Yet System X capacity installed so far is, by all accounts, operating smoothly and it is most unlikely that the Baynard House difficulties reflect any basic flaw. The exchange is, perhaps, the most complex of this type that BT's suppliers – the other being GEC – will ever be asked to provide, and it is hardly surprising that BT itself is proving very demanding. A telephone failure in the City during November would not enhance the company's flotation prospects.

Hogg Robinson

Hogg Robinson has been trying hard to introduce more coherence to its business portfolio but in the City of London's eyes it remains enough of a mixed bag for Hogg to keep its reputation as a potential bid target.

The latest set of results, however, suggest that the company may at last be achieving its objectives.

There is a discernible improvement in the expense ratio, new management has brought the U.S. broking partnership into profit for the first time, and the travel agencies have turned in more than doubled profits as their high level of fixed overheads permitted useful volume gains to flow through undiminished to the bottom line.

What is more, a reduced tax charge has transformed an unexciting 5 per cent increase in pre-tax profits – to just over £11m for the year to March – into a 30 per cent rise in earnings a share.

The management still has some way to go, however, before convincing the City that Hogg Robinson has shrugged off its lacklustre past. Computer services are under review following their near £800,000 swing into loss, while a depressed period for renewals in African and Middle Eastern insurance broking means the group's traditional activities have yet to prove themselves.

Two-nation trade agreements may threaten Gatt's authority

BY ANTHONY McDERMOTT IN GENEVA

THE GENERAL Agreement on Tariffs and Trade (Gatt) is deeply concerned that an increase in bilateral trade deals by industrialised nations, particularly the U.S., might undermine its role as a regulator of world trade rules, officials said yesterday.

They were speaking as the Geneva-based organisation published a report that noted that trade tensions between the U.S., Japan and the EEC were "more marked than ever" in 1983. Difficulties in the steel and agricultural sectors were followed by "concern over the possibility of new restrictions affecting additional industrial and agricultural products."

The report, a review of Gatt's activities in 1983 and the early part of this year, said there was evidence that the leaders of the main industrial powers "recognised the need to control and reverse the drift away from policies consistent with Gatt principles."

Privately, however, officials conceded that Gatt was worried about the tendency towards bilateral trade deals, such as those being negotiated by the U.S. and Canada and Israel, and about the possibility that negotiations on such issues as the transfer of services and high technology might eventually slip beyond the organisation's grasp.

They cited recent indications that the U.S. might try to press ahead with talks on liberalisation of trade before Gatt's 90 members were ready for global negotiations.

In an interview with the Washington Post recently, Mr Michael Smith, the Deputy U.S. Trade Representative, said "We are not going to wait for a consensus to develop" among all Gatt members for a new global round of talks.

He said the Administration's attempt to set up bilateral trade deals was intended to prompt large trading nations to develop "the political will to move the system forward" after five or six years of stagnation.

Gatt officials believe that might result in unnecessary pressure for a premature round of ministerial talks to succeed those held in Geneva in November 1982 and a possible further decrease in the organisation's influence.

Officials emphasise that much work remains to be done before there can be serious talk of a new round of talks. The Reagan Administration wants negotiations to deal with trade in services, high technology and agriculture – areas not covered by previous Gatt agreements.

More optimistically, the Gatt report comments that, in 1983, for the first time for several years, "international trade policymakers ... were able to discuss issues and negotiate against the background of an improving economic situation."

Turning to developing countries' debt, it adds: "A viable long-term solution ... will require, in addition to the maintenance of capital flows at the necessary levels, a substantial expansion of their export-earning capacity, which can take place only on the basis of a new process of trade liberalisation."

Egypt to maintain oil prices

By Richard Johns in London

EGYPT yesterday announced unchanged oil prices for August in defiance of the general speculation that it would cut its rates in response to the crumbling market.

The decision of the Egyptian General Petroleum Corporation (EGC) to keep Suez Blend at $28 a barrel and not to follow the Soviet Union, which last Friday gave notice of a $1.50 a barrel reduction for Urals Blend, will give some marginal support to efforts to maintain the existing price structure.

Egypt exports 250,000–300,000 barrels a day and traditionally has been regarded as a fairly sensitive barometer of market pressures.

In practice, most of its output that is surplus to domestic needs has a secure outlet among EGC's partners in producing ventures, and the three cargoes it has for disposal in August have been sold.

In a thin and weak market yesterday, the buyer-seller range quoted for Brent Blend was $26.30–$26.55 compared with a transaction on Friday at $26.50.

Nevertheless, the British National Oil Corporation is understood to have found customers for all the North Sea crude it was to dispose of in August.

According to one leading oil company, collective production of the Organisation of Petroleum Exporting Countries last month ran at rather more than 19m b/d.

The members mainly responsible for exceeding the 17.5m b/d ceiling were Saudi Arabia, with 5.7m b/d, and Indonesia, with 1.6m b/d.

The greater part of the 34m barrels being supplied by Saudi Arabia in exchange for 10 Boeing 747s powered by Rolls-Royce engines is believed to have been placed on the market.

The companies involved as intermediaries are widely believed to be Shell, Atlantic Richfield, C. Itoh, Nippon and Avia (of West Germany).

UK miners' union fined £50,000

BY OUR LONDON STAFF

BRITAIN'S striking miners are heading for a confrontation with the Government's labour laws after a High Court judge in London yesterday fined their union's South Wales area £50,000 ($65,400) for contempt of court.

Mr Justice Park gave the area until tomorrow to pay the fine or face sequestration of its assets. Within minutes of the judge's decision, the South Wales area of the National Union of Mineworkers (NUM), meeting in emergency session, issued a statement strongly indicating that the ruling would be ignored. The court action arises out of picketing in the miners' dispute, which is now in its 21st week.

Defiance of the court might involve the union movement in its most serious battle with the Government's employment laws since last December's dispute between the National Graphical Association and Mr Eddie Shah, owner of Messenger Group Newspapers at Stockport, near Manchester.

The judge said NUM area officials had broken orders made on April 17 restraining them from interfering with lorries owned by two Gloucestershire haulage companies carrying coke from the British Steel Corporation's Port Talbot works in South Wales.

He gave the two companies – Richard Read (Transport) and George N. Read – leave to issue writs of sequestration against the assets of the South Wales NUM.

Mr Justice Park did not say whether the sequestration writ would cover the whole of the union's assets or be limited to cover the fine and costs of sequestration. However, the companies' solicitors said later that all the assets could be seized.

The judge ordered sequestration after being told of newspaper reports that the union's full-time officers and staff were given six months' salary to bank in their own accounts to prevent the NUM's assets being seized. The union is also believed to have sent funds abroad, and individual South Wales branches have withdrawn funds from bank accounts.

Those moves may cause practical difficulties for sequestrators – notably tracing any funds abroad – but they will have extensive legal powers to seek out and seize assets.

The South Wales NUM's assets were estimated at £3m before the strike, £1m of them invested in property.

Defiance of the court might lead to further fines. Mr Richard Read, a millionaire haulier, celebrated with his nephew George last night and warned the NUM that "if they choose to ignore this ruling we shall have no hesitation in pursuing this action."

All the indications yesterday were that the Welsh NUM leaders would not pay the fine, but would simply "sit tight" until after tomorrow's deadline had passed.

Court hearing, Page 8; print union must pay, Page 8

Steady growth for Germany

Continued from Page 1

In the longer term, the report sees possible difficulties for the economy unless company profits can be boosted, greater use be made of risk or venture capital, and the country's threatened position in some high-technology sectors be shored up.

Former Baldwin chief sued for $1bn

BY WILLIAM HALL IN NEW YORK

MR MORLEY P. THOMPSON, former chief executive of Baldwin-United and architect of the U.S. group's rapid but catastrophic growth in the financial services business, has been sued for $1bn damages by Arkansas insurance officials in what is believed to be one of the biggest legal claims against a corporate executive.

Ms Linda Garner, the Arkansas insurance commissioner who has been playing a leading role in supervising the various Baldwin-United insurance companies which ran into financial difficulty last year, has filed a suit in Pulaski County Court, Little Rock, Arkansas. It claims that Mr Thompson is personally responsible for $1bn in damages as a result of mismanagement, negligence and breach of responsibility in running the three Baldwin insurance subsidiaries.

The suit alleges that Mr Thompson "used the insurance companies as financial fuel for the expansion of the Baldwin empire." Mr Thompson resigned last year, some time before the company, which started life making pianos, filed for protection under Chapter 11 of the U.S. bankruptcy code.

World Weather

		°C	°F
Ajaccio	S	28	82
Algarve	F	27	81
Algiers	S	40	104
Amsterdam	S	28	82
Athens	F	27	81
Bahrain	S	37	99
Bangkok	F	33	91
Barcelona	S	28	82
Beirut	S	29	84
Belgrade	F	25	77
Berlin	S	25	77
Biarritz	S	27	81
Blackpool	S	21	70
Bordeaux	C	26	79
Brussels	S	30	86
Budapest	F	27	81
B. Aires	F	11	52
Cairo	—	—	—
Cape Town	S	20	68
Caracas	R	27	81
Casablanca	F	24	75
Copenhagen	F	18	64
Corfu	S	29	84
Dublin	C	19	66
Dubrovnik	S	25	77
Faro	S	28	82
Florence	S	31	88
Frankfurt	S	30	86
Funchal	S	24	75
Geneva	S	30	86
Gibraltar	S	26	79
Guernsey	F	20	68
Helsinki	S	20	68
H. Kong	S	33	91
Innsbruck	S	27	81
Inverness	C	19	66
Istanbul	F	25	77
Jersey	S	20	68
Jo'burg	F	19	66
Las Palmas	S	25	77
Lima	C	20	68
Lisbon	S	23	73
Locarno	F	26	79
London	S	25	77
Los Angeles	S	30	86
Luxembourg	S	29	84
Madrid	S	32	90
Majorca	S	32	90
Malaga	S	28	82
Malta	S	28	82
Manila	S	33	91
Miami	C	29	84
Milan	S	28	82
Moscow	C	16	61
Munich	S	28	82
Nairobi	F	25	77
Naples	S	29	84
New Delhi	C	35	95
New York	C	27	81
Nice	S	26	79
Oporto	C	24	75
Oslo	S	20	68
Paris	S	32	90
Prague	S	26	79
Reykjavik	F	12	54
Rio de J'o	C	23	73
Rome	S	28	82
Salzburg	S	29	84
Seoul	S	33	91
Singapore	F	32	90
Stockholm	S	21	70
Strasbourg	S	31	88
Sydney	F	18	64
Taipei	S	35	95
Tangier	S	26	79
Tehran	—	—	—
Tel Aviv	S	29	84
Tenerife	S	27	81
Tokyo	S	33	91
Toronto	S	25	77
Tunis	S	31	88
Valencia	S	28	82
Venice	S	27	81
Vienna	S	27	81
Warsaw	F	28	82
Zurich	S	29	84

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

U.S. lending crisis 'diminishing'

Continued from Page 1

surance and real estate brokerage activities.

On the international economic situation Mr Volcker said that although some developing countries were not in a position to repay loans in "large volume" the fact that they are able to service them allows such loans to be regarded as "satisfactory."

Mr Volker's remarks on the domestic economy repeated his testimony on monetary policy last week.

He made it clear again that the Fed had not tightened its monetary policy since the spring – the Fed raised the discount rate to 9 per cent on April 6.

He pointed out, however, that the sources of domestic funds supplied to the credit markets had fallen below combined public and private credit demands and interest rates had tended to move higher during the spring in response to these market pressures.

● The White House is expected next week to predict that the U.S. economy will grow by more than 6 per cent in 1984, Budget Office sources said yesterday.

The review will also predict that the U.S. federal budget deficit for the financial year ending October 31 will be about $175bn.

French price rises attacked

Continued from Page 1

tariffs also rise tomorrow. Another increase in petrol prices is expected for later in August, after the sharp 4.5 per cent jump in pump prices that caused an outcry in mid-July. Paris Metro tickets go up by 5 per cent, while the cost of a standard baguette loaf rises by 5 centimes to FFr 2.55 – in both cases in accordance with government anti-inflation guidelines.

The telephone price rise will have a disproportionately harsh effect on low-income subscribers, and will also hinder the Government's efforts to keep the August rise in consumer prices down to the relatively low 0.5 per cent monthly rate seen so far during the summer.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday July 31 1984

McDonnell Douglas to boost Hughes operation

BY PAUL TAYLOR IN NEW YORK

MCDONNELL DOUGLAS, the U.S. aerospace and computer services group, said yesterday that it plans a major expansion of its recently acquired Hughes Helicopters unit. The expansion is aimed at winning new government contracts, and will almost quadruple the size of the business by the end of the decade, and increase the current 6,200-strong workforce to more than 9,000.

McDonnell, which acquired the helicopter manufacturer for $470m in January from the estate of Howard Hughes, said its board had approved an extensive expansion plan which would turn the unit into a $1bn enterprise in 1985 and $2bn by 1990. Last year Hughes Helicopter, which is the prime contractor for the Pentagon's latest attack helicopter, the AH-64 Apache, had sales of $575m.

The aerospace group did not detail the size of its planned investment, which is seen as a major plank of McDonnell's investment programme and recent rapid diversification strategy.

Mr Jack Real, president and chief executive of California-based Hughes Helicopter, said the expansion would have two major thrusts. A high-technology engineering facility would be established in Mesa, Arizona and a fabrication and ordnance center would be set up at Culver City, California "to maximise productivity to support our cost and schedule commitments on the Apache, light helicopters and ordnance programmes."

Mr Real added that Hughes Helicopter is "positioning itself to win the development and production contracts for the army's important LHX advanced helicopter programme." The army is expected to order about 6,000 LHX helicopters required for scout, attack and utility missions from 1992 onwards.

Lynton McLain in London writes: Boeing, the U.S. aircraft manufacturer, confirmed last night that it had won a $300m order from Air New Zealand for three 767 twin-jet airliners and one four-engine 747 jumbo jet.

No decision has been made by Air New Zealand on the choice of jet engines to power the aircraft. The existing five Boeing 747s in the airline's fleet are powered by Rolls-Royce engines and the RR RB 211-524 engine for the latest 747 order would be compatible with the existing jumbo jet engines.

The decision by Air New Zealand to order from Boeing is likely to come as a disappointment to Airbus Industrie, the European airliner consortium, whose Airbus aircraft were considered by Air New Zealand.

In Wellington, Mr David Lange, New Zealand's newly-elected Prime Minister, said the Airbus was a good aircraft, but the Boeing 767 could fly from New Zealand to Singapore and Tokyo. Initially it will be used to reopen Air New Zealand services from Wellington to Australian cities.

Boeing up despite 13% drop in revenue

By Paul Taylor in New York

BOEING, the U.S. aerospace group, yesterday reported higher second-quarter earnings from current operations – despite lower commercial jet airliner sales which led to a 13 per cent decline in revenues. The company also announced a major restatement of first-quarter earnings because of changes in tax laws which sent first-half earnings soaring.

The Seattle, Washington-based group said sales for the second quarter fell to $2.74bn from $3.14bn a year earlier but earnings from current operations increased by 11 per cent to $102m or $1.05 a share from $92m or 95 cents in the same period last year.

The latest earnings, which follow a disappointing decline in the first quarter, lifted first-half earnings from curreot operations to $180m or $1.85 a share compared with $182m or $1.88 a share in the 1983 first half. Sales fell by 21.3 per cent to $4.83bn from $6.13bn.

First-quarter earnings have been restated in accordance with the tax reform act of 1984 which boosted them by $397m or $4.09 a share producing a final net of $577m or $5.94 a share.

On a pre-tax basis, Boeing had earnings of $152m in the latest quarter and $259m in the first half compared with $128m and $215m for the respective 1983 period. Boeing said the higher pre-tax earnings in the latest quarter mainly reflected increased interest income and the continued positive impact on earnings of U.S. military spending programmes.

However the company noted that *these gains were partly offset by* "lower jet transport sales volume. The impact oa all jet transport programmes of the extremely competitive market environment and higher level of research, development and engineering expenses on commercial jet transport programmes, military and space programmes and computing technology."

During the latest period Boeing said 13 airlines and a leasing company announced firm orders for 55 jet transports worth about $1.5bn compared with 39 orders valued at $1.9bn in the same quarter last year. Over 40 of the latest orders were for the new 737-300 jet.

Sales to the U.S. government during the first half totalled $1.95bn, $426m more than a year earlier.

Dresdner Bank profits fall 14% at half year

BY JOHN DAVIES IN FRANKFURT

DRESDNER BANK, West Germany's second largest bank, has reported a setback to earnings in the first half of this year, although the result was better than it originally expected.

Partial operating profits – which basically amount to interest and commission earnings less personnel and material costs – were DM 363m ($126m). This is 14.1 per cent lower than the half-yearly average of last year's earnings.

Dresdner's surplus on interest rate business was 3.8 per cent lower at DM 1.16bn, its margin on this business narrowing to 2.7 per cent, compared with 2.9 per cent for the whole of last year. Its net commission earnings were 4.1 per cent higher at DM 410m.

On the other hand, personnel and material costs, including pension commitments and depreciation, were 2.5 per cent higher at DM 1.2bn. Salaries and associated social security contributions were up 3 per cent to DM 722.8m.

Business volume of the parent bank rose 3.5 per cent to DM 90.6bn in the first half-year, while the group's business volume was 2.2 per cent ahead at DM 167.6bo.

In its half-yearly report to shareholders, Dresdner said that it intended to make a further increase in its provisions for foreign country risks this year. It said that despite successful international debt rescheduling efforts, the position was improving only slowly and not in every case.

But it expects reduced provisions this year for risks and write-offs on domestic lending.

Bayerische Landesbank said yesterday it expected profits this year to make possible a dividend payment again. In contrast to some other publicly-owned Landesbanks, it has consistently made a payout which amounted to 7 per cent on last year's earnings.

ICI to increase polyester film plants

By Carla Rapoport in London

IMPERIAL Chemical Industries has underlined its emphasis on speciality chemicals with the announcemeot of £50m ($65.5m) expansion of the group's polyester film productioo capacity.

The investments are among the largest ICI has announced in recent years. They will be made at Dumfries in Scotland and Aratu, near Salvador, in Northeast Brazil. The Scottish facility will add about 60 permanent jobs when the plant opens in mid-1986.

The two plants will boost ICI's worldwide capacity for polyester film by 16 per ceot, adding 14,000 tonoes a year of thick film capacity. Polyester film is used in many industries including food packaging, photographic film and audio and computer tape productioo.

The ICI investment is targeted at the expanding markets for photographic and prioting applications.

ICI claims the facilities will give the group productioo capacity equal to about 20 per cent of the world demand for polyester film. It estimated world market growth at about 6 per cent a year.

ICI is second to Du Pont in the polyester film industry. Mr Jim Park, ICI's petrochemicals and plastics division films geoeral manager, said yesterday: "These aew investmeots are aimed at maintaining and further developing ICI's positioo as a leading worldwide supplier of polyester film."

The group already has productioo facilities for the product in The Netherlands and Virginia in the U.S.

The investmeots announced yesterday after the decision in July last year to build a £35m thin polyester film plant at Dumfries, to be completed in early 1985. With the thick film line, the new plants' total capacity will be about 37,000 tonnes a year.

Gulf acquisition adds $7m to Chevron earnings in first month

BY WILLIAM HALL IN NEW YORK

CHEVRON, the U.S. West Coast oil group which earlier this year paid $13.2bn for Gulf, has reported a 3 per cent rise in second-quarter net income to $380m and says that after financing costs Gulf contributed $7m in the first month.

In common with other major U.S. oil companies, Chevron's improved earnings came primarily from non-U.S. petroleum operations and chemical operations. The latest figures were boosted by a $40m exchange gain, which compares with a $22m loss in the comparable period last year.

Chevron's second-quarter revenues rose 7 per cent to $7.62m and earnings are 4.6 per cent up at $1.12 per share. For the first six months, earnings are 12 per cent up at $2.22 per share and revenues are 5.6 per cent higher at $14.9bn.

Chevron, formerly Standard Oil of California, says the financing costs of the Gulf acquisition totalled $126m in the latest quarter. It has financed the acquisition so far by $10.2bn of new borrowings, $2.4bn of the combined companies' cash balances and another $800m which has been earmarked for the 4 per cent of the Gulf shares yet to be tendered.

Unocal Corporation, another West Coast U.S. oil group, yesterday reported a 33 per cent rise in second-quarter net income to $185.7m or $1.07 per share. For the six months earnings are 37 per cent up at $385.8m or $2.11 per share.

The group says its improved performance stems from higher domestic natural gas sales volumes and average prices, higher overseas crude oil and natural gas production – mainly from the Netherlands and Thailand – increased domestic goethermal production, and improved prices and volumes for nitrogen fertiliser

UK group wins contract for AT&T software

By Guy de Jonquieres in London

AMERICAN Telephone and Telegrapb (AT&T) is to market internationally a software package for videotex informatioo systems developed by Aregon, a small British computer systems company.

Aregoo says the deal is the biggest software export order ever won by a British company. The company is guaranteed at least $3m in royalty payments and developmeot fees under a 10-year agreement with AT&T, with further payments linked to future sales of systems using the software.

The software package is designed to work with videotex terminals developed by AT&T. Videotex is a technique which enables untrained users to feed in and retrieve information stored on a central computer.

AT&T has acquired exclusive rights to market the Aregon package in the U.S. and non-exclusive rights to sell it in other parts of the world.

Stelco expects fall in demand for steel

BY BERNARD SIMON IN TORONTO

STELCO, Canada's largest steel producer, posted a net profit of C$14.1m ($10.73m) in the three mooths to June 30, following a small loss of C$400,000 in the same period last year. Sales rose from C$555.2m to C$638.4m.

Sales were buoyed by the strong North American motor vehicle market but the directors warned that "overhanging this strength is the negative of increasing interest rates." Stelco, with other Canadian steel producers, has protested strongly against recent U.S. proposals to limit steel imports.

Stelco's production rose to 2.6m tonnes in the first half of this year from 2.3m tonnes in January-June 1983. Shipments increased from 1.8m tonnes to 2.1m tonnes. The company's steel making capacity totals 7.2m tonnes a year.

Net income was C$21.8m in the first half of 1984, compared with C$15m loss in the same period last year.

Stelco is seeking a buyer for its steel fabricating subsidiary in Saskatchewan. According to the directors the operation might be closed if a buyer is not found by the end of September.

Robert Gibbens adds from Montreal: Power Corporatioo of Canada, a holding company of Mootreal financier, Paul Desmarais, has reported higher earnings for the second quarter and six months and will raise its dividend, followiog reorganisation of its financial service *subsidiaries into a separate group* to be cootrolled by Power.

Second-quarter net profit was C$21.9m or 85 cents a share, against C$16.7m or 65 cents a year earlier, excluding extraordinary gains. For the first six months oet profit was C$34.8m or C$1.35 a share against C$25m or 97 cents a year earlier. Power is raising its quarterly dividend from 20 cents to 25 ceats with *the September payment.*

Blue Bell to close five plants

BY OUR FINANCIAL STAFF

BLUE BELL, the maker of Wrangler jeans, is to close five jeans-making plants in Puerto Rico by October, *making 1,000 workers redundant.* The company said it planned to move its jeans-making operation to its U.S. plants.

Mr William Hervey, President of Wrangler Menswear said: "In the past the plants in Puerto Rico were used primarily to fill the heavy demand in Europe. That demand has steadily diminished over the years."

Blue Bell has agreed a $50 a share leveraged buyout proposal which will take the company private.

Meanwhile Levi Strauss, the world's largest clothing maker, has made a further downward revision *in its expected profits for* 1984 to below $97m, or less than half the figure last year, whea the company made $194.5m on sales of $2.7bn. This news follows a disappointing second quarter when Levi's net income fell 85 per cent to $6.4m or 17 cents per share, compared with $43.1m or $1.02.

Levi had already predicted a fall in 1984 profits to half the 1983 level, but Mr Robert Haas, president, said the oear-term outlook had become considerably less favourable.

Mr Haas said: "The revision of our earnings estimate for the current year is due to lower sales, *proportionately greater* sales of less profitable products and higher costs."

The company is optimistic that its decision last May to close 10 per cent of its manufacturing facilities and to boost advertising on its "original" button fly jeans will improve the company's balance sheet.

"We are confident the strategies we are pursuing will enable us over time to resume growth in earnings," Mr Haas said.

Minebea bids premium price for U.S. group

By Robert Cottrell in Tokyo

MINEBEA, the Japanese ball bearing manufacturer, has bid a *premium price for New Hampshire Ball* Bearing company of the U.S. to secure 100 per cent control, said Mr Takami Takahashi, president.

The $65-a-share bid made earlier this month values the U.S. company at $110m and is pitched at about twice the market level of its shares. Even NHBB executives bave acknowledged that the offer is generous.

Mr Takahashi said the reason is that he did not want a partially successful offer. Minebea is a rapidly changing and expanding group which wants maximum flexibility in the way it manages NHBB.

The bid for NHBB remains subject to the approval of U.S. regulatory authorities. About half the company's $55m annual sales are for military uses. Mr Takahashi declined to estimate the extent to which the acquisitioo of the company would increase Minebea's share of the U.S. market for precision ball bearings, currently estimated at 30 per cent.

Komatsu down 12% after export slump

By Our Tokyo Correspondent

KOMATSU, Japan's largest manufacturer of construction equipment, has reported a 12.4 per cent fall in parent company oet profits for the six months to June.

According to the company a *sharp fall in export sales* (other than to the U.S.) led to the decline. In particular Iranian restrictions on letters of credit and a general decline in Middle East sales saw profits fall from Y14.54bn to Y12.74bn ($51.9m).

Sales were down 9 per cent to Y290bn from Y319bn and pre-tax profits dropped by 16 per cent to Y25.06bn. Net profits per share were Y15.65 against Y18.03 and an unchanged interim dividend of Y4 is to be paid.

LEGAL NOTICE — LEGAL NOTICE

IMPORTANT NOTICE OF PENDENCY OF CLASS ACTIONS TO HOLDERS OF DEFAULTED REPUBLIC OF CHINA DOLLAR 6% TREASURY NOTES OF 1919, AS AMENDED, AND SECURED SINKING FUND BEARER BONDS OF 1937

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CARL MARKS & CO. INC., et ano., Plaintiffs, - against - PEOPLE'S REPUBLIC OF CHINA, Defendant	82 Civ. 8817 (MEL) AMENDED TREASURY NOTES
CARL MARKS & CO. INC., et ano., Plaintiffs, - against - PEOPLE'S REPUBLIC OF CHINA, Defendant	82 Civ. 8818 (MEL) SECURED SINKING FUND BEARER BONDS OF 1937

TO: ALL HOLDERS OF SIX PER CENT TWO YEAR SECURED GOLD LOAN (DOLLAR DENOMINATED) TREASURY NOTES OF 1919, DATED NOVEMBER 1, 1919, DUE NOVEMBER 1, 1921, ISSUED BY THE GOVERNMENT OF THE REPUBLIC OF CHINA, AS EXTENDED TO BECOME DUE NOVEMBER 1, 1954, AND AMENDED SO THAT ARREARS OF INTEREST BECOME PAYABLE AS PROVIDED BY SCRIP CERTIFICATES AND ADDITIONAL INTEREST PAYABLE PURSUANT TO COUPONS ATTACHED TO SAID NOTES ("AMENDED TREASURY NOTES").

and/or

TO: ALL HOLDERS OF SECURED SINKING FUND (DOLLAR DENOMINATED) BEARER BONDS OF 1937, ISSUED BY THE GOVERNMENT OF THE REPUBLIC OF CHINA, DATED AS OF JULY 1, 1937, WITH INTEREST PAYABLE AT FROM 2% TO 4% PER ANNUM, AND PRINCIPAL PAYABLE COMMENCING JULY 1, 1942, THROUGH ANNUAL SINKING FUND DRAWINGS, WITH BONDS NOT THERETOFORE PAID DUE ON JULY 1, 1954 ("SECURED SINKING FUND BEARER BONDS OF 1937").

The above captioned class actions are now pending in the United States District Court for the Southern District of New York on behalf of holders of Amended Treasury Notes and Secured Sinking Fund Bearer Bonds of 1937, for damages based on defaults in payment of principal amounts and interest for which it is claimed that the defendant People's Republic of China is liable.

The People's Republic of China, served with process in each action under the Foreign Sovereign Immunities Act of 1976 (the "Act"), has failed to answer or appear, and is now in default. An application will be made to the Court under the Act for a judgment in each case.

THERE IS NO ASSURANCE THAT A JUDGMENT WILL BE GRANTED IN EITHER CASE, OR IF GRANTED, THAT IT WILL BE COLLECTED IN WHOLE OR IN PART.

If you do not exclude yourself on or before October 1, 1984, you will be a member of the class and be bound by the judgment. If you wish your claim to be included in a favorable judgment, whether collectible or not, you must file a Proof of Claim, which will be included in the Notice below referred to, on or before October 31, 1984.

If you wish to exclude yourself from your class, you may do so. A detailed Notice providing instructions for such exclusions and Proofs of Claim is available on request.

FORMS OF NOTICE AND PROOF OF CLAIM MAY BE OBTAINED BY WRITING TO:

EDWARD M. SILLS, ESQ.
225 Broadway
New York, New York 10007

Dated: New York, New York
July 5, 1984

Raymond F. Burghardt
Clerk of the United States
District Court for the
Southern District of New York

Paul Taylor on the failure of a management buyout at L & M

Pricing fears end GrandMet deal

JUST EIGHT weeks after announcing an agreement to sell its U.S. tobacco operations to a management-led investor group for $325m GrandMet USA, the U.S. arm of the UK-based Grand Metropolitan breweries, dairy, bookmaking and hotel group announced the deal was off.

GrandMet USA and the investment group led by Mr Kinsey van Dey, president and chief executive of Liggett & Myers Tobacco and a former Coca-Cola manager, had already spent over four months negotiating terms on the buy-out when the agreement in principle was signed in late May.

But when the negotiations were abruptly ended 10 days ago GrandMet and Liggett & Myers issued only a brief statement citing "developments in the pricing of cigarettes" as the reason for canning the deal.

Since then, with little elaboration forthcoming from either side, Wall Street analysts and industry watchers have been trying to figure out what went wrong.

Initially the deal had looked good from both sides. On the surface at least the management group appeared to be buying a booming business built around the success of generic, or unbranded, cigarettes in the U.S. over the past four years.

Liggett & Myers, although still a tiddler in the U.S. tobacco industry—ranked sixth with around 4.5 per cent of the U.S. market—had reversed a steep decline in market share over the previous 30 years. When Grand Met bought the company as part of the Liggett group for $590m after a fierce battle with Standard Brands, the U.S. food group, the U.S. tobacco industry had just about written the company off after watching its market share tumble from around 20 per cent to about 2.5 per cent.

It was generics — which Liggett & Myers pioneered in the U.S. — which halted and reversed the slide. Last year generics accounted for around 60 per cent of Liggett & Myers sales of $562m and the company controlled around 95 per cent of the blossoming generic market in the U.S.

Lumped together with generics, which are sold in black and white packages for between 20 and 30 per cent less than most branded products in supermarkets and drug stores, would rank about 10th in the cigarette brand league table, far ahead of Liggett & Myers own branded products such as Chesterfield, Eve, Lark, and L & Ms.

As a result Liggett & Myers pre-tax profits grew by 39 per cent last year to $60m representing around 40 per cent of Grand Met's profits from consumer products in the U.S.

But Grand Met had made little secret of the fact that it was seeking to sell the tobacco business in order to concentrate investment in other consumer products and services in the U.S. which already include the Liggett group's pet foods, foods, soft drinks, sporting goods, and the Children's World child care business which it acquired for $36m last year.

Indeed Wall Street analysts and insiders contend that Grand Met never really wanted the tobacco business at all because it did not fit in with the company's overall strategy in the U.S. and was already becoming concerned about the future size of the generic cigarette market itself—and about new competition.

Nevertheless the announcement last week was still a surprise. GrandMet has offered no further explanation for calling off the discussions but Liggett and Myers said that it had become impossible "to predict the long-term future," — and thus arrive at a mutually acceptable final deal—because of changes in the market and in particular, new competition.

Diana Temple of Salomon Brothers, the Wall Street securities firm, suggests that the deal fell apart because higher U.S. interest rates have made leveraged buyouts—which depend on high sums of borrowed funds—more risky and lenders less willing to provide the financing needed.

But there are other possible explanations. In particular there are doubts about whether the generic market will continue to expand—although Wall Street is sharply divided over this issue — and Liggett and Myers now has competition from two industry heavyweights, R. J. Reynolds and Brown and Williamson, the U.S. tobacco arm of BAT Industries both of which have

Despite the recent growth in 'generic' (unbranded) cigarette sales the disposal of Liggett & Myers — better known as the makers of the L&M, Lark, Chesterfield, and Eve brands — has not gone ahead. Last week Mr Stanley Grinstead, chairman of parent GrandMet, said, however, that the plan to sell the U.S. tobacco company to its management might be revived "once the dust settles in the market"

recently introduced budget-priced packets of cigarettes.

Liggett and Myers says it is confident that generics will continue to grow, pointing out that they accounted for around 4.5 per cent of the U.S. market at the end of the first quarter compared to 2.9 per cent last year and 0.9 per cent in 1982. This growth has been aided by a 35 per cent increase in the wholesale price of cigarettes since early 1981 and a doubling in Federal cigarette taxes last year.

Some analysts agree with the company predicting further gains for generics in the $18bn-a-year U.S. market—perhaps, though, at a slower pace. But that view is by no means universal. Other market watchers believe generics market share is already slipping reflecting the impact of the rebound in earnings on consumer buying patterns and of new budget branded products which have recently been introduced.

R. J. Reynolds, the second largest tobacco group in the U.S., led the assault on the cut-price end of the market last year when it introduced Century, a new brand packaged in packets of 25 but selling for the same price as conventional packets of 20. By the end of last year, after just six months on the market, Century had captured a 0.8 per cent share of the market in the 35 states where it is sold making it the most successful brand introduction for RJR since 1976.

RJR followed up in May by reintroducing the Doral name to the market place as what has been described as "a branded generic"—a branded cigarette which sells for about 30 per cent less than most other brands and which RJR believes could grab around 35 per cent of the current market for generics.

Brown and Williamson, the third largest U.S. tobacco group, was quick to follow introducing its cut-price Richland brand in 25-cigarette packets last year "in anticipation of a growing economy-priced segment within the market."

This onslaught, aside from triggering fears in the industry about a pricing war, is beginning to worry Liggett and Myers which late last year introduced a "quality seal" on its own generic products.

Earlier this month the company filed law suits against Brown and Williamson charging unfair trading and predatory pricing. "When you are successful you attract competition," Liggett and Myers says, "we don't mind competition, when it is fair but Brown and Williamson has overstepped the mark." The law cases have yet to be heard.

Whatever the outcome it is likely that despite their thinner profit margins cut price cigarettes—in branded or unbranded form—are of growing importance to an industry struggling to maintain momentum despite a 4.6 per cent decline in total domestic cigarette shipments last year to just under 600bn. The battle for a share of this particular market niche has probably only just begun.

How Liggett and Myers will fare in this newly competitive environment remains to be seen. But some Wall Street analysts are now speculating that the ride might be less tough under the wings of another large corporation—should the price prove attractive to GrandMet.

Two Malaysian groups seek public listings

BY WONG SULONG IN KUALA LUMPUR

TWO MALAYSIAN companies are seeking a public listing on the Kuala Lumpur Stock Exchange with offers of 65.5m shares for public subscription.

Unico Holdings, which is sponsored by the Chinese Chamber of Commerce and Industry, is offering 49.4m shares of one ringgit each at par, while Kumplan Emas, a plantation and equipment leasing company, is making a public issue of 16.1m shares of 50 cents, priced at 70 cents.

Unico said the funds from the public issue would be used for the development of a 17,000 acre cocoa and palm oil estate, and for its finance and property business.

After the public offers, Unico's paid-up capital would be 50m ringgit while that of Emas would be 31.5m ringgit.

Unico expects to make pre-tax profits of 2m ringgit for the year ended September 1985, while Emas is forecasting pre-tax earnings of 9.54m ringgit for the year to July 1985 and 10.35m ringgit for 1985-86.

The Unico and Emas issues bring the number of Malaysian companies which have gone public so far this year to eight.

John Wicks reports on the Swiss food group's unsatisfied appetite

Nestle stays on the takeover trail

NESTLE, THE Swiss food group, has just withdrawn from what would have been its biggest acquisition. Alcon Laboratories, its subsidiary, has dropped its $25 a share offer for CooperVision, a Californian producer of contact lenses and ophthalmological pharmaceuticals. Had all the outstanding shares been bought, the transaction would have cost Nestle more than $500m.

The deal had fallen foul of the U.S. Federal Trade Commission, which had said it would challenge the CooperVision takeover in court on the grounds that it would have limited competition in various fields of ophthalmology and in products for soft contact lens care.

Until very recently, Nestle had expected the acquisition to go through with no real difficulties. When the deal was first announced in April, Nestle had foreseen that "one or two" special products from the *CooperVision range might have* to be given up for official permission to be obtained. It now seems that about a quarter of CooperVision's turnover could be involved in divestments considered necessary by the FTC.

"Nestle continues to believe in the validity of its legal position," the company said at the weekend. It could, if it wanted, contest the FTC decision in court, but *any such* litigation would take at least six months to go through, with no certainty of winning the day. The bid had already been *postponed* twice by the FTC. Further delay "would not be beneficial," said Mr Carl A. Angst, Nestle's general manager, yesterday.

NESTLE expects a further rise in earnings this year. In 1983, consolidated net profits had already improved by 14.8 per cent to a record SwFr 1.26bn after a rise of only 1 per cent in group sales to SwFr 27.94bn ($11.14m). In a letter to shareholders, the company says that group turnover rose by 9.8 per cent in the first half of 1984 to SwFr 14.8bn. Sales volumes, up 4.6 per cent on corresponding 1983 levels, are said to have developed well for almost all product groups

Nestle has had previous run-ins with American antitrust authorities. In 1970 the Department of Justice and the FTC *had assured Nestle no obstacles* would be put in the path of a deal to acquire a controlling interest in Libby Macneill & Libby, the processed foods company. To the considerable annoyance of the Swiss, who had increased their Libby stake as something of a salvage operation for the company, official investigations then dragged on for years.

When Nestle bought Stouffer, another food group, from Litton Industries in 1973, the FTC again mounted an inquiry into *possible* antitrust *violations,* even though Stouffer and Libby together controlled less than 2.5 per cent of the U.S. frozen food market.

The latest move will come as something of a blow to shareholders of CooperVision, who had bought stock last year from Cooper Laboratories, *the former* 100 per cent parent. It also sets back Nestle's ambitions to expand in the promising sector of eye care, which *it* first entered in 1977 when it bought Alcon for $278m, or 23 times earnings. As well as investing a considerable sum in its expansion, Nestle took over, through Alcon, Burton Parsons, a soft contact lens solutions specialist.

Nestle has since bought two European contact lens manufacturers, Medicornea in France (1981) and Bilosa in Switzerland (1983) continuing this year with the purchase of the French company P.O.S. Laboratories, a maker of sterile ophthalmological products, and, earlier this month, Dello Precision, a small Swiss company which makes equipment for eye surgery.

The withdrawal of the CooperVision bid does not mean that Nestle has abandoned further ambitions in this area. On the contrary, the company says expressly that it "will continue to pursue the *strategic* goal of systemically reinforcing its activities in the ophthalmological field."

While food and drinks will remain by far the most important products in the Nestle programme, Mr Helmut Maucher, the managing director, says that the share of the cosmetics and pharmaceuticals product *group may be expected* to increase from the 1983 level of 2.4 per cent.

Helmut Maucher: plenty of ready money on hand

Also, regardless of past differences with the FTC, Mr Maucher says the U.S. remains an interesting area for Nestle.

Nestle, which has well over SwFr 5bn ready money on hand, will continue to spend a lot of money on acquisitions. According to Mr Maucher, something like SwFr 2bn could now be spent on takeovers in the period from September, 1983, to the end of this year. This would include a number of substantial deals in the U.S. — over SwFr 300m for the cosmetics company Warner, what will be between SwFr 160m and SwFr 200m Hills Brothers, the coffee *roaster,* and SwFr 75m for the chocolate company Ward Johnston, quite apart from other transactions currently in the pipeline.

Tai Sang Land rebuff for UIC

BY DAVID DODWELL IN HONG KONG

HOPES OF Singapore's United Industrial Corporation to take over Hong Kong's family-controlled Tai Sang Land Development as a vehicle for expansion in the Asian region appeared to have been dashed yesterday.

The Tai Sang board revealed that it had received irrevocable undertakings from shareholders accounting for more than 50 per cent of the company's shares that they will not accept the UIC offer.

Launched by UIC just over a month ago through its Hong Kong-based subsidiary Tandy Company, this bid valued Tai Sang at about HK$280m (U.S.$35.7m).

UIC, headed by Mr Lee Kim Yew, the brother of Singapore's Prime Minister, is a holding company with interests in property, and the manufacture and distribution of detergents and toiletries.

Tai Sang is a small but comparatively robust property company which mainly owns go-downs (warehouses) in the territory. It also has a large commercial building being built in San Francisco's central financial district. It is tightly controlled by the Ma family, which has nine of the 10 board seats, and owns about 52 per cent of the group's shares.

UIC, yesterday refused to give up all hope of acquiring control of the company. Its financial advisers, Wardley, said it was still waiting for Tai Sang to publish various financial details, as required under Hong Kong law.

Details should have been published yesterday, but it is understood that Hong Kong's Securities Commission has given Tai Sang until Thursday to prepare its report.

BHP seeks North Sea stake and U.S. oil group

BY OUR FINANCIAL STAFF

BROKEN HILL Proprietary (BHP), Australia's largest company which has substantial holdings in the coal, steel and energy sector, is looking to acquire a U.S. oil company and to take a direct stake in the North Sea, according to Mr Russell Fynmore, its executive general manager.

Mr Fynmore said that the group, which last Friday announced sales of A$5.39bn (U.S.$4.45bn) and a 15.4 per cent rise in profits to A$622.3m for the year to May, plans to spend between A$300m and A$500m on the acquisition of a U.S. oil company which it would merge with its existing Denver-based exploration activities.

As to the North Sea purchase, Mr Fynmore said that BHP wished to buy a direct stake in a producing field from a British company. "Some of the companies in the North Sea are prepared to sell off parts of their production because they are in a good tax position and can maximise their upfront cash-flow by selling slices of producing acreage."

As the Australian *Government* does not allow tax concessions on oil exploration outside the country, BHP had no choice but to acquire producing fields abroad to boost its income base, he said.

In the year to May 1985, BHP plans to spend some A$140m on exploration—half in Australia and the rest overseas. Exploration offices are to be established in both London and Singapore this year, said Mr Fynmore.

Referring to the exploratory drilling in the Jabiru field in the North Timor Sea, Mr Fynmore said that the results of the second and third test wells were "major disappointments." A fourth well, Pollard, some 100 km north of the original Jabiru 1-A successful well, had all the signs of being a dry hole. Jabiru-4 would be started in the next two weeks once Pollard is abandoned.

According to Mr Fynmore, Jabiru field would have to have minimum proven reserves of 25m barrels to warrant further development.

Good performance in first six months by Swiss banks

BY OUR ZURICH CORRESPONDENT

CREDIT SUISSE, one of Switzerland's "Big Five" banks, expects good results for the current year. In the second quarter, cash-flow was close to the record level of a year ago, despite a slight rise in costs and taxes.

Last year, the bank's net profits reached a record SwFr 351m ($143m).

At half year this time, the balance-sheet total was a new high of SwFr 91.9bn, or 7 per cent more than at the end of last year. Within this total, deposits were up from SwFr 50.6bn to SwFr 52.4bn and the due-to-banks total from SwFr 18.5bn to SwFr 20.5bn.

Loans and advances rose from SwFr 35.4bn to SwFr 37bn during the six months and the due-from-banks figure to SwFr 21.6bn, from SwFr 18.6bn.

Bank Leu, the smallest of Switzerland's "Big Five," reports good operating profits for the first half. The Zurich-based bank, net earnings of which were a record SwFr 35m, in 1983 says that a fall in income for precious-metal trading was more than offset by improved profits in interest and securities business.

During the 1984 first half, the balance-sheet total rose by SwFr 600m, or 5.7 per cent, to SwFr 11.04bn. Within this figure, clients' funds were up by 7.8 per cent to SwFr 5.75bn while the due-to-banks total dropped 6.3 per cent to SwFr 2.23bn.

Total advances went up 7.3 per cent during the six months to SwFr 2.11bn and the due-from-banks figure by 3.2 per cent to SwFr 3.57bn.

Bank Julius Baer says it expects a "satisfactory" year-end profit. Last year net earnings of the bank, which is also based in Zurich, were a record SwFr 19.4m.

Business activities developed well in the 1984 first half, especially commission income—the result of a marked increase in portfolio management operations.

The balance-sheet total rose sharply from SwFr 1.84bn to SwFr 2.3bn in the six-months *including* some SwFr 280m, for the New York subsidiary which in April was transformed into a branch.

Without the New York results, metal accounts or exchange-rate considerations, the higher balance sheet would still have been 6 per cent.

City of Copenhagen $15,000,000
9 per cent. 15 Year External Loan of 1970

NOTICE IS HEREBY GIVEN that, for the Sinking Fund of 1st October, 1984 a Drawing of Bonds of this Loan took place on 17th July, 1984 attended by Mr. Richard Graham Rosser of Messrs. De Pinna, Scorers & John Venn, Notary Public, when the following bonds were drawn for redemption at par on 1st October, 1984.

Bonds, which may be presented for redemption at any of the Paying Agents for the Loan, must bear the Coupon dated 1st October, 1985 otherwise the amount of the missing Coupon will be deducted from the principal to be repaid.

BONDS DRAWN
2000 Bonds of nominal value of $1,000 each
NUMBERS

72	73	74	75	137	140	141	142	240	296	298	447
449	814	825	971	972	1048	1049	1057	1058	1059	1086	1105
1106	1107	1108	1109	1110	1113	1115	1186	1187	1188	1189	1190
1193	1195	1295	1297	1298	1299	1300	1301	1302	1323	1324	1325
1326	1327	1328	1329	1330	1333	1337	1339	1340	1344	1398	1411
1423	1424	1425	1451	1452	1453	1463	1464	1465	1468	1469	1470
1471	1472	1473	1480	1580	1581	1582	1583	1585	1591	1595	1596
1600	1601	1603	1607	1608	1609	1611	1612	1613	1614	1615	1616
1617	1619	1620	1621	1754	1755	1756	1759	1760	1767	1768	1769
1771	1772	1773	1774	1779	1780	1781	1784	1791	1792	1793	1795
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1845	1846	1850	1851	1852	1854	1856	1859	1879	1880	1882	1883
1897	1908	1909	1910	1911	1912	1913	1914	1915	1917	1921	1941
1951	1952	1953	1954	1956	2060	2062	2093	2097	2098	2100	2102
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3374	3375	3378	3379	3381	3382	3383	3384	3386	3387	3388	3389
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12301	12302	12303	12304	12305	12306	12308	12309	12310	12311	12312	12314
12315	12316	12317	12318	12332	12354	12382	12387	12407	12408	12409	12419
12451	12473	12474	12477	12486	12512	12582	12625	12627	12628	12631	12633
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13071	13102	13108	13111	13114	13115	13138	13140	13141	13145	13146	13147
13148	13149	13150	13151	13152	13153	13154	13176	13518	13520	13521	13522
13523	13524	13525	13526	13527	13528	13529	13530	13532	13533	13534	13536
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13581	13582	13583	13584	13601	13602	13603	13604	13607	13608	13609	13616
13617	13618	13624	13636	13637	13638	13639	13641	13643	13645	13646	13691
13692	13693	13694	13703	13704	13705	13708	13710	13712	13713	13715	13718
13717	13718	13718	13720	13721	13723	13724	13725	13726	13727	13728	13730
13731	13781	13782	13783	13784	13785	13786	13787	13788	13790	13791	13793
13794	13795	13796	13822	13823	13825	13832	13839	13840	13842	13844	13845
13846	13847	13854	13859	13860	13863	13864	13865	13910	13913	13914	13915
13917	13918	13918	13920	13983	13989	13990	13994	13995	13998	14067	14069
14086	14087	14088	14089	14090	14093	14094	14095	14096	14098	14099	14334
14335	14363	14365	14370	14371	14372	14373	14374	14375	14376	14377	14428
14429	14431	14433	14434	14435	14437	14440	14503	14504	14505	14510	14511
14512	14522	14589	14718	14926	14929	14930	14938				

The following Drawn Bonds have not yet been presented for repayment:—

Bond number 9345 drawn for redemption on 1st October, 1975.

Bond number 9346 drawn for redemption on 1st October, 1977.

Bonds numbered 8394 and 8395 drawn for redemption on 1st October, 1978.

Bonds numbered 2232, 2256, 2257, 5129 drawn for redemption on 1st October, 1981.

Bonds numbered 32, 2157, 2234, 2259, 2260, 2261, 2262, 2507, 2581, 2582, 2583, 3497 drawn for redemption on 1st October, 1982.

Bonds numbered

47	56	169	230	231	346	433	435	446	489		
492	497	580	602	728	736	742	823	824	1037	490	491
1449	1478	1479	1649	1721	1722	1724	1829	1858	2013	1102	1185
2059	2120	2158	2263	2264	2265	2266	2267	2300	2312	2018	2020
2556	2558	2574	2575	2576	2577	2578	2579	2622	2734	2314	2552
2836	2837	2856	2964	3021	3251	3258	3267	3271	3273	2755	2835
3386	3459	3638	3642	3643	3721	3723	3724	3725	3726	3290	3291
3729	3733	4067	4204	4205	4244	4251	4253	4254	4668	3727	3728
4737	4746	4826	4892	4902	5126	5127	5128	5297	5298	4735	4736
5301	5302	5482	5506	5507	5602	5605	5606	5607	5608	5299	5300
5611	5613	5615	5619	5620	5622	5623	5625	5976	5979	5609	5610
7348	7349	7350	7891	8144	8147	8795	8798	8801	9331	6872	7017
9413	9416	9417	9426	9432	9434	9436	9437	9438	9440	9333	9412
9552	9561	9798	9972	10050	10235	10236	10876	10877	10878	9481	9561

drawn for redemption on 1st October, 1983.

NOTE: Any of the above Drawn Bonds with relative Coupons attached presented in the United Kingdom should be lodged for payment in London with:

Morgan Grenfell & Co. Limited,
21, Austin Friars,
London EC2N 2HB.

or

Hambros Bank Limited,
41, Bishopsgate,
London E.C.2.

The usual interval of four clear days will be required for examination.

Office of Morgan Grenfell & Co. Limited

31st July, 1984.

UK COMPANY NEWS

Travel side bolsters Hogg Robinson

TRAVEL AND shipping activities of the Hogg Robinson Group significantly increased their contribution to group taxable profits in the year to end-March 1984.

This increase more than offset a decline in both insurance broking and Lloyd's underwriting agencies, and enabled the group to notch up a £512,000 rise in taxable profits to £11.08m.

Profits from the travel and shipping side rose by just over £2m to £3.58m and excluded the Wakefield Fortune acquisition which has now been fully integrated and will contribute to the profits of the travel company in the current year.

Commenting on the group's results, Mr Albert Wheway, who was appointed chairman last September, said: "A reappraisal of group strategy and review of operations has been carried out by the new management team and we are confident that changes that have been initiated will improve Hogg Robinson's future prospects."

HIGHLIGHTS

After briefly looking at the financial markets in general the Lex column turns its spotlight on the gilt-edged market where persistent weakness showed during the day despite the falling yields in the Treasury Bond market across the Atlantic. The column then considers the prospects for System X in the light of current delays in the delivering programme. Finally Lex turns its attention to the figures from Hogg Robinson and considers the future of the group, especially given possibilities stemming from a couple of large shareholders.

There was a decline in brokerage earnings from £6.96m to £6.36m, which largely occurred overseas, particularly in the Middle East and Africa. The group's broking partnership in America is now trading profitably and Mr Wheway looks forward to future results from Republic Hogg Robinson with growing optimism.

Results of Lloyd's underwriting agencies have been depressed—profits fell from £3.47m to £3m—by the need for the Gardner Mountain syndicates to reserve for latent disease claims.

The directors are recommending a final dividend of 3.45p (3p) which lifts the total payout by 12.5 per cent to 6.75p. Earnings per share rose from 10.94p to 14.36p.

Hogg Robinson has decided to minimise its exposure to underwriting activities. It sold its interest in London-based Crosswall Reinsurance in August 1983 and arrangements for the sale of New York-based Bankers and Shippers Insurance, announced last December, are nearing finalisation following recent regulatory approvals in the U.S.

The results of these companies did not have a significant effect on group earnings in either 1983-1984 or the previous year.

Because rules for divestment were only issued by Lloyd's Council in May, no development on divestment of the group's Lloyd's underwriting interests can be reported at this stage.

Group turnover for the year amounted to £71.27m (£64.37m). Investment and other income totalled £5.13m (£5.38m) and taxable profits were struck after interest payable of £1.83m (£2.09m), and included associate companies contribution of £2.72m (£3.34m).

The company paid £5.44m (£5.86m) in tax while minority interests took £785,000 (£937,000).

Extraordinary credits came to £4.26m (£339,000), principally relating to the substantial profit on the sale of the group's previous headquarters.

See Lex

Greggs on target with £492,000 at midway

IN LINE with expectations at the time of the offer for sale in April, pre-tax profits of Greggs, specialist retailer of bakery products, amounted to £492,000 for the 24 weeks ended June 16 1984 against £402,000, and showed a "satisfactory improvement," directors say.

They add that, as previously, the full-year outturn will be heavily dependent on performance in the final quarter. Current trading, although marginally affected by the miners' strike, remains satisfactory.

Turnover of this Newcastle-upon-Tyne-based concern advanced from £15.84m to £17.74m for the six months — total for the previous 53 weeks ended December last was £37m and taxable profits totalled £1.74m.

As forecast, there is an interim dividend of 1.4p net per 20p share and the directors intend to recommend a final of 2p.

Profits at the halfway stage included interest receivable of £23,000 (£16,000 payable), but were subject to tax of £236,000, compared with £65,000.

After dividends of £151,000 (£107,000) the balance retained came through at £105,000 against £230,000. Earnings per share were down from 3.37p to 2.5p.

Mr I. D. Gregg, the chairman, says that "we continue to invest to improve the efficiency of our bakeries and have indeed accelerated some of our capital expenditure plans to take advantage of current capital allowances."

He adds that the directors continue to look for growth

● **comment**

Just under half of Greggs' 12 per cent sales increase comes from its seven new outlets and most of the rest is due to price inflation, implying that underlying volume growth is only marginal. This is in line with previous patterns, and only underscores the fact that in a static market like baking, growth must be primarily generated from acquisition and operational efficiencies in the existing businesses. Less typical is the increased tax charge—a legacy of the Budget's crack-down on capital allowances—which leaves earnings per share down by 26 per cent, despite a 22 per cent increase in pre-tax profits. Meanwhile, Greggs is negotiating to purchase a fifth geographical division by the end of the year, failing which it will direct its £1.5m net cash towards moving into a new region by building up its own outlets. A further seven new shops are on the cards for the current half, which should help to lift year-end taxable profits to around £2m. The shares, at 145p, stand on a prospective earnings multiple of 15, assuming a 48 per cent tax charge.

Rotork ahead at £1.91m and lifts interim to 2.1p

DESPITE a fall from £4.14m to £3.72m in full-year profits for 1983, Rotork, valve control equipment and machine tool manufacturer, ended the first half of 1984 with a taxable surplus up from £1.57m to £1.91m.

The directors say the figures were in line with expectations and resulted, after tax of £880,000 (£820,000), in earnings of 5p (3.6p) per 10p share, a rise of 39 per cent. The interim dividend is also increased, from 1.75p to 2.1p—last year's final payment was 2.1p.

Turnover was virtually unchanged for the six months at £13.12m (£13.1m).

The directors explain that a good first half from Pneu-Hydraulics (offshore umbilicals) and Evans (specialised laminating machinery) compensated for the slightly reduced figures from the company's control valve actuator business, which continued to experience tough trading conditions in the U.S.

The directors says they do not anticipate any significant change in business activity for the remainder of the year.

They add that the balance-sheet and cash position remain strong, and that the company is evaluating interesting acquisition opportunities as they arise.

In March the directors had said that 1984 would be a year of consolidation with increased capital expenditure to enlarge production. They entered the year with "guarded optimism," feeling that the worst effects of the recession were behind the company.

● **comment**

The acquisition of Pneu-Hydraulics last year has set Rotork on what could prove to be an interesting new path. It makes "umbilical cords" for diving vessels in the North Sea and is mainly reponsible for the increase in pre-tax profits in the face of the tough market facing Rotork's traditional controls valve actuator business in the U.S. Rotork has managed to hold market share in the actuator market but steep competition has weighed on margins. Evans has benefited from an upturn in the U.S. building industry in the last year. [illegible] the third small business away from actuators made a modest contribution to profits. A similar performance in the second half should [illegible] £4m for the year. [illegible] on [illegible] suitable opportunity [illegible] spend the cash in the bank. At 99p up 2p the shares sell on a p/e of 8.5 [illegible] tax charge.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Alisa Inv.	0.8	Oct 2	1.15	1.3	1.65
Burmatex int.	2	—	—	—	—
Cray Electronics	1.72	—	1.32	2.28	1.79
Drayton Far Eastern int	0.4	Aug 24	0.4	—	0.75
Drayton Premier int.	3	Sept 7	3	—	11.5
Greggs int	1.4	Oct 15	—	[illegible]	—
Hogg Robinson	3.45	Oct 2	3	6.75	6
Park Food	2	—	—	3	—
Alfred Preedy	2.75	Oct 1	2.75	3.5	3.5
Rotork int.	2.1	Oct 26	1.75	—	[illegible]
Stavert Zigomala	7.28	Oct 1	6.72	7.28	6.72
F. H. Tomkins	1.17	—	0.92	1.5	1.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final of 2p forecast.

Cray tops £2m and raises payout by 30%

On the back of a near 40 per cent rise in turnover to £26.3m, pre-tax profits of Cray Electronics Holdings rose for the seventh year running to reach £2.35m for the 12 months ended April 28 1984.

This was an improvement of 35 per cent over the previous year's £1.74m and shareholders benefit with a 30 per cent rise in the dividend to 2.282p (1.755p) net per 10p share, the final being 1.716p.

Mr Brian Solomon, the chairman, says principal successes in the communication industry contributed significantly to the increase in sales. He adds that these successes are also reflected in a growing order book.

Operating margins were maintained despite the costs incurred for penetrating this major new market sector.

Earnings per share, excluding extraordinary items of £297,000 (nil) relating to the reorganisation of certain manufacturing activities in a subsidiary, previously reported, and the group reorganisation reported to shareholders in a document circulated in the spring of this year, rose by nearly 50 per cent to 7.85p (5.25p) per share.

	1984 £000	1983 £000
Turnover	26,296	18,822
Cost of sales	19,833	13,676
Gross profit	6,463	5,246
Operating profit	2,777	1,989
Associate losses	14	41
Interest (net)	*416	184
Pre-tax profit	2,347	1,744
Tax	*580	568
Net profit	1,761	1,176
Extraordinary	*297	nil
Profit for year	1,464	1,176
Dividends	*524	393
Retained	940	783

* Charge.
†After crediting £204,000 in respect of deferred tax provision no longer required.

Year of consolidation at Preedy

THE PAST financial year has been something of a "watershed" for Alfred Preedy & Sons, wholesale and retail tobacconist, with the accent on reorganisation and consolidation, says Mr S. L. Preedy, the chairman.

He reports that the group achieved a 52 per cent advance in full-year taxable profits from a restated £565,000 to £862,000 reflecting the extent of action taken which he believes has "laid the foundation" for the successful development of the group.

The current year has started well with retail sales showing an encouraging increase over the corresponding period and the directors look forward to the future with confidence.

Mr R. G. Schweitzer, former managing director of Martin the Newsagent between 1971 and 1978, has accepted an invitation to join the board as a non-executive director.

Although the company is holding the total dividend payout at 3.5p by an unchanged final dividend of 2.75p for the fourth year running, Mr Preedy says the board expects to propose an increase in the dividend in respect of the current year.

Commenting on the year under review, he says that a strong second half performance, and the initial benefits arising from the rationalisation programme, combined to produce operating profits for the year to the end of March 1984 of £1.77m compared with £1.26m previously.

"This increase, although marginal, is pleasing given the substantially increased loss disclosed at the interim stage," says Mr Preedy.

He adds that "all our long established activities made an increased contribution." But he points out that the Ronson division, while profitable, was unable to repeat last year's excellent result.

During the year considerable changes were made, particularly in the retail division where a number of unprofitable branches were closed. These closures released capital and the group also made savings in administration costs.

Group turnover amounted to £95.71m, against £97.18m. The taxable result was enhanced by a cut in interest payable from £837,000 to £569,000 and exceptional credits of £164,000 (£144,000)—these related to the surplus on the sale of freehold properties less reorganisation and redundancy costs.

The lower interest charge was due to a reduction of £1.1m in the average level of borrowings, which was achieved by the redeployment of resources and tighter control of working capital generally.

Net profits emerged at £726,000 (£429,000), after tax, equal to earnings per share of 8.01p (4.74p). Redundancy and closure costs resulted in extraordinary debits this time of £314,000.

Park Food up 30% to £1.57m

Park Food Group, Birkenhead-based concern, which packs and supplies Christmas hampers, showed an improvement, as forecast, in both sales and pre-tax profits for the year ended March 31 1984.

On turnover up 17.6 per cent from £24.38m to £28.65m the taxable figure for the 12 months amounted to £1.57m, compared with £1.21m, a rise of 30 per cent. Losses of £1.41m (£1.44m) were incurred at halfway.

The dividend is lifted to 3p net per 10p share, as forecast, with a final payment of 2p.

The current year has started well with agency hamper orders for the coming Christmas again showing a real increase, the directors state. Meat and freezer packs, introduced last year, are selling well, and High Street Vouchers remain very popular with customers, they add.

The wholesale companies have again secured additional major customers, and although it is too early to predict the outcome for Christmas 1984 trading, signs are promising, the directors say.

Christmas hampers and vouchers again produced a real increase in volume, both in agency business and on the wholesale side where some substantial new customers were secured. Bee and Cee Foods, which supplies the group's hamper companies and outside customers, turned in a substantial increase in profits.

After tax of £760,000 (£949,000) and minorities of £9,000 last time, earnings per share were 8.01p, against 5.78p. There were extraordinary debits of £161,000 (nil) for the period.

Renold's mid-term results will show 'marked' change

THE RESULTS of Renold for the opening six months of the current year will show a "marked change" from the heavy losses incurred for the first half of the previous year.

Revealing this at the annual general meeting, Sir Campbell Adamson, the chairman, said the group had budgeted to increase profitability "very substantially" in the present year to end-March 1985. The first three months had shown a somewhat higher profit than had been forecast.

The group, involved in the manufacture of power transmission products and machinery, intended to have a higher profit in the second six months than in the first.

Sir Campbell said he believed he would have a "good story" to tell at the half year stage and told the meeting that Renold forecasts "showed a considerable increase on that profit figure for the second half."

He commented that demand for the group's products, which remained at the lowest level during the recession period, began to turn up only during the closing months of 1983.

Shareholders were told that an increase in orders, first seen seven months ago, had been sustained. Sir Campbell said that although the increase was noticeable, it was not yet at levels which approached pre-recession figures.

However, he went on to say that it had been sustained enough to make the directors confident that the "worst" was now passed. He concluded that activity throughout the group was at a higher level.

● At the annual meeting of Norcros, Mr Ken Roberts, the chairman, said it was unwise to give any indication of the possible outcome for the full year when only three months of actual results were known to him.

However, he revealed that he had a reasonable indication of the likely result for the half year, and with the overseas companies on course for an improved performance together with solid results from the EEC companies, he was confident that his earlier forecast that the group would make further progress this year was still appropriate.

Newmarket's six new investments

Six new investments, evenly split between the U.S. and the U.K., are announced by Newmarket Company, the leading London-listed high technology venture capital company, in its second quarterly report.

Of the three investments in UK-based companies, the most significant was a £1m investment for 16 per cent of the equity of Integrated Power Semiconductors, a new company established by a group of American specialists to design and manufacture power control integrated circuits in Scotland.

Automatic Systems Laboratories and Whitechapel Computer Works are the other UK investments at [illegible] and £325,000 respectively.

The net appraised asset value of the shares in the quarter to June 30, 1984 was largely maintained at $2.91 per share (first quarter: $2.96) or, in sterling terms, 214p per share (207p)—the latter improvement being due to the continuing strength of the U.S. dollar.

COMPANY NEWS IN BRIEF

Seymour, Pierce & Co. have completed the placing of £2.5m Cambridge Water Company 13 per cent redeemable debenture stock 2004 at £100 per cent, £10 paid. Dealings will commence on Wednesday.

* * *

Pre-tax profits at REA Holdings, formerly Crosby House Group, climbed from £344,000 to £1.3m in 1983. The company is paying an initial dividend of 1p net.

Turnover of this holding company—it has interests in rubber trading, freight and handling—improved from £26.61m to £30.32m. Tax for the year was

MORE COMPANY BRIEFS, PAGE 24

considerably higher at £779,000 compared with £116,000. There were minorities of £333,000 (£33,000) and extraordinary credits of £146,000

* * *

Taxable profits of USM quoted investment holding company, Energy Finance and General Trust Holdings, rose by £100,203 to £423,652 for the year to March 31 1984. Group income reached £1.56m, against £1.37m.

After tax of £217,244 (£123,011) net profits were ahead slightly at £206,408 (£200,438). Earnings per ordinary 10p (restricted voting) share improved from 1.86p to 1.89p and the dividend is held at 1.31p net with a final of 0.71p (same).

* * *

NMC Investments lifted pre-tax profits from £50,171 to £251,052 in the year to March 31, 1984, reflecting active trading conditions on the Stock Exchange and the recovery to modest profits by Propp Corrugated Cases.

Turnover of this fibreboard container manufacturer and investment company increased from £2.85m to £3.48m.

The current year has started well, but the miners' strike has caused anxiety and the strong U.S. dollar has adversely affected raw material costs.

Subject to an early resolution of the current industrial dispute, the company hopes to achieve another satisfactory result for the year.

Tax charge was £40,530 (£8,470 credit) and earnings per 12½p share rose from 0.94p to 2.41p. The net dividend is stepped up to 1p (0.75p).

* * *

J. & J. Dyson, manufacturer of refractory materials and articulated trailers, earned some £1m, against losses of £553,000, at the taxable level, in the year to end-March 1984.

The result was achieved on turnover up from £34.64m to £39.61m. Tax took £1.673 (£355,975) and extraordinary debits amounted to £313,190 (£600,133 credits).

Earnings per share amounted to 7.32p (losses 1.46p) and the final dividend is being held at 2p for an unchanged 4p total.

* * *

Christmas trade helped boost earnings at Elbief, manufacturer of handbag frames, leathergoods accessories and picture frames. Trading profit for the year to April 30 1984 were £358,100 (£188,400). Including interest received of £122,100 (£114,200) pre-tax profits reached £480,200

F. H. Tomkins surges 49% and outlook has 'never been better'

THIS preliminary statement on the results for the 1983-84 year, Mr M. R. Moore, the new chairman of F. H. Tomkins, tells shareholders that the outlook for the company has "never been better."

He says the benefits of new financial disciplines are still working through, sales are growing, profits are improving and the sectors are constantly striving to improve the group's return on capital employed.

Pre-tax profits for the year to April 29, 1984 surged by £734,000 (49 per cent) to £2.27m and a final dividend of 1.165p lifts the total from 1.5p to 1.8p net per 5p share.

Turnover expanded from £17m to £25.93m. The chairman says Tomkins is no longer a Midlands-based engineering manufacturing group. With the acquisition of Ferraris Piston Service at the beginning of 1984 he points out that over 90 per cent of current sales are attributable to distribution, around two-thirds of which are derived from a line from Bristol to Manchester.

The results for the year were, in large measure, due to actions ... The arrival of Mr Gregory Hutchings, both as chief executive and as a major shareholder, resulted in a reappraisal of all areas of the group's activities.

New financial disciplines have been imposed on all businesses and the directors are committed to a corporate strategy for the growth and development of the group into a broadly based industrial holding concern with earnings per share increasing every year and with a progressive dividend policy.

Interest accounted for £472,000 (£393,000) and tax took £770,000 (£514,000).

Below the line minorities rose to £22,000 (£5,000) and there were also extraordinary debits this time of £802,000. Earnings are stated at 6.124p (4.417p) per share.

The review of the French subsidiary, Stockinox, has been completed and the management of FBT Stainless in the UK has been made responsible for the company. A new local managing director has been recruited, financial controls are being tightened and commercial operations have been reorganised. The French company's workforce was reduced by 15 per cent by year-end.

The imposition of new group financial disciplines has led to an improvement in working capital and the balance sheet is in a "healthy condition."

● comment

Within a year of taking control of F. H. Tomkins, chief executive Greg Hutchings has delivered a set of results which his former employer Lord Hanson would be proud of. He has extracted a 30 per cent improvement (£586,000) in trading profits from the old businesses, by stamping strict controls on a group which was drifting from making nuts and bolts towards distributing. The heavy extraordinary charge reflects how severe some of the reorganisation, especially in the troubled French subsidiary, had to be. Mr Hutchings's first acquisition, motor part distributor Ferraris, already looks a bargain—bought for £2.2m it turned in a £297,000 trading profit in just four months. The plan is to discover more such companies in mature industries where the right management of margins brings immediate rewards. A £2.2m acquisition does not make a business empire but even Lord Hanson had to start somewhere. The group should make £3.3m pre-tax this year, more if the right opportunities to buy emerge. This puts Tomkins up 2½p to 63½p on a prospective multiple of under eight, on a 35 per cent tax charge. A cheap bet on Mr Hutchings.

BOARD MEETINGS

TODAY

Interims:—Ayrshire Metal Products, ... Engineers, Grindlays Holdings, ... "Investing In Success" Equities, National Westminster Bank, Piccadilly ..., R. Kelvin Watson.

Finals:—AIM, Arlington Motor, ... and Gotch, J. Jarvis, Macarthys Pharmaceuticals, Mercantile House, ... Executive, David S. Smith.

FUTURE DATES

Interims:—

... (Martin)	Aug 3
GRA	Aug 2
Heywood Williams	Aug 8
Hill and Smith	Aug 16
Jamesons Chocolates	Aug 13
Relyon	Aug 6
Rights and Issues Invest. Trust	Aug 3

Finals:—

Allied Leather Industries	Aug 8
Cook (W.) & Sons (Sheffield)	†Aug 10
Parkfield Foundries	Aug 16
Webb (Joseph)	Aug 7

†Amended

Emray instigates inquiry into group shareholdings

BY RAY MAUGHAN

EMRAY, the vehicle distribution and financial services group, has instigated an official inquiry into various shareholdings in the company.

Mr Norman Tebbit, the Secretary of State for Trade and Industry, announced yesterday that, at Emray's request, he intends to appoint inspectors under Section 172 of the 1948 Companies Act.

The section empowers the Department to "appoint one or more competent inspectors to investigate and report on the membership of any company and otherwise with respect to the company for the purpose of determining the true persons who are or have been financially interested in the success or failure (real or apparent) of the company or able to control or materially to influence the policy of the company."

While preparing for the vital annual meeting today, Emray yesterday welcomed the Department's response to its request.

At issue is the 27.6 per cent take in Emray sold by Taddale, the property investment company, to a group of investors headed by Mr Murdoch Morrison who has described himself in a circular to Emray shareholders as a "consultant to industrial companies."

The group, which is seeking three seats on the board, has criticised Emray's share price performance, stated its belief that profitability will suffer in the absence of the repeat of last year's new car registration boom and has plans to inject two "exciting propositions" into Emray.

"As material shareholders" in Emray the group has said that it simply wishes "to take part in the decision-making processes of the company."

The Emray board, however, has stated that "it would be unable to work harmoniously with them (Mr Murdoch's group) if they were elected."

The incumbents are now seeking to discover the circumstances of Taddale's disposal, the backing behind the investment group and to establish links between Mr Murdoch's group and Mr Alan Gale, the managing director of Taddale, who is also seeking board representation at Emray on behalf of Innovatech, a Guernsey-based holder of Emray shares.

Pending the appointment of Department inspectors, the composition of the board will be decided by votes and proxies at today's annual meeting.

HAT expands U.S. operation

BY ALEXANDER NICOLL

HAT Group, provider of specialised services to the construction industry, is substantially expanding its U.S. contract painting business through the purchase of a Philadelphia company for at least $6.2m (£4.7m).

The company being acquired is International Coatings and Linings Corp. but its principal subsidiary is the Oliver B. Cannon Group, an industrial painting contractor with annual turnover of over $20m.

Since 1982, HAT has owned Sline, a Houston-based industrial painter which initially failed to meet projected performance levels. It is now showing growth, and the combination with Cannon will give HAT the largest contract painting business in the U.S. with turnover of over $50m.

Mr David Telling, HAT chairman, said Cannon had been picked out of a range of 15 possible candidates. "It diversifies Sline away from dependence on petrochemicals and provides a more complete industrial painting company in four or five different markets," he said.

Cannon mainly serves the electricity generating, paper and pulp and other similar heavy industries—carrying out specialised plant painting contracts. It operates mainly in Pennsylvania and Florida but has branches in other states.

Sline principally serves the petrochemical industry. HAT plans to integrate the two subsidiaries, reducing overheads, but the top executives of Cannon will stay with the group.

An initial payment of $4m has already been made, and a further $1m will be paid in instalments to the vendors—the president and vice president—provided that they personally meet performance criteria over the next four and a half years.

The vendors, Mr Robert Roth and Mr Arthur McDonald, will also receive 30 per cent of pretax profits earned over the same period. "They have guaranteed that profits will be not less than $4m.

The purchase means that HAT has still to spend the bulk of the £14.7m it raised through a rights issue a year ago. It said the acquisition of Cannon would be financed from HAT's existing U.S. financial resources.

Mr Telling said he is looking at other possible targets in the U.S.—an office development project which HAT has been working on in Houston is on the market.

HAT plans to create a group in the U.S. similar to its operations in the UK, where it has property, painting, merchanting, plumbing, cleaning, maintenance, mechanical, plastering, glass and plant hire divisions.

L & M forms pensions offshoot

THE London and Manchester Group has taken another major step in developing its long-term corporate structure by forming a new subsidiary, London and Manchester (Pensions), to handle company and individual pensions and employee benefit plans of the group.

London and Manchester has been undergoing a process of corporate reorganisation in recent years to reflect the changing nature of life and pensions business, especially in regard to the different tax treatment of the various funds.

The reorganisation has involved the establishment of a parent holding company and to then form subsidiaries that reflect the various aspects of a modern insurance company specialising in life and pensions business.

Thus London and Manchester Assurance handles the life and general insurance business of the group, London and Manchester (Pensions) the pensions and employee benefits side and London and Manchester (Managed Funds) the specialised investment services to pension scheme trustees.

London and Manchester has been expanding its pensions operations in recent years and has been to the forefront in pensions innovation.

Its transplan was the first contract for employees to invest their transfer payment received on change of job. The Combined Pension Plan brought together the dual concepts of final salary and money purchase schemes. The Total Pension Plan was the first which enabled employers to use a company pension scheme in conjunction with mortgage facilities.

Lamont expands in N. Ireland

Lamont Holdings has concluded negotiations to acquire the whole of the issued share capital of B. H. McCleery & Co.

McCleery, a private company operating in Northern Ireland, is engaged in the extrusion of polypropylene yarns for use in the manufacture of furnishing fabrics and carpets.

The consideration is £1.6m, to be satisfied by the issue, credited as fully paid, of 1,440,000 Lamont ordinary shares of 10p each and £780,000 cash. A deferred additional consideration not exceeding £600,000 cash will be payable, based on the results of McCleery for the 22 months to December 31, 1985.

Sun Alliance could fall foul of stamp duty change

Sun Alliance and London Insurance is leaving unchanged, at least for the present, its offer terms for Phoenix Assurance, even though the bid appears to be the first victim of the Inland Revenue's tougher stance against tax avoidance on stamp duty savings schemes.

Merchant banker, N. M. Rothschild and Sons, the advisers to Sun Alliance is considering the new situation as announced last Friday by Mr John Moore, Financial Secretary to the Treasury.

Under these new rules, stamp duty wiyl be assessed when cash is paid for shares, including underwritten cash offers.

In the past companies bidding cash for shares in a takeover have been able to make considerable savings by arranging their offer in a way that artificially and temporarily removes all value from the shares of the company being taken over. Sun Alliance hoped to save some £3m by using this common avoidance scheme.

N. M. Rothschild has decided to resolve the situation with the Inland Revenue before considering whether or not to amend the form of the offer.

BIDS AND DEALS IN BRIEF

Munford White's directors have noted the recent movement in the company's share price and state that tentative approaches from two companies, which have led to exploratory talks with both, have been received.

The board emphasises that these talks are at a very early stage and they therefore cannot assess the possibility of these leading to offer or merger proposals from either party.

★ ★ ★

Energy Recovery Investment Corp. has received acceptances for 75.26 per cent of issued ordinary share capital of Cambridge Petroleum Royalties.

The directors of Cambridge have advised shareholders to accept Eric's offer, and have accepted in respect of their own shareholding.

In order to facilitate the integration of the businesses the boards have decided on cross-representation on the appropriate boards. Mr Cobbold, Mr Macleod Matthews and M de Rochechouart, who are directors of Eric, have been invited to join the Cambridge board. It is the intention of Mr Campbell Fraser and Mr Knights to resign at the AGM. Mr Robert Tainsh has accepted an invitation to join the board of Eric.

★ ★ ★

The Midepsa offer for Colman Milne has been declared unconditional in all respects and will remain open for acceptance until further notice.

Acceptances have been received in respect of 14,299,720 (89.4 per cent) Colman ordinary. Included in the acceptances are the 10,266,902 ordinary (64.2290) in Colman held by the Hawley Group and the British Car Auction Group.

★ ★ ★

With acceptances totalling 44.6 per cent of the Comben Group share capital, Trafalgar House now holds 95.7 per cent, or 55.4m shares.

On the basis of information available the Office of Fair Trading has informed Trafalgar that the proposed acquisition will not be referred to the Monopolies Commission.

The offers remain unconditional and will remain open for further acceptances until further notice.

★ ★ ★

Lawrie Group has acquired 25,000 ordinary shares of Brown Shipley Holdings and 117,772 nil-paid rights, together making 1 per cent.

A subsidiary of Lawrie's associate company, Walter Duncan and Goodricke, owns 1.79m ordinary and 358,000 rights of Brown (15.05 per cent), making a total holding of 16.05 per cent.

MINING NEWS

Bristol Oil showing recovery with £1.4m

PRE-TAX profits of Bristol Oil and Minerals jumped from £412,000 to £1.37m for the first half of 1984 and show the effects of the change in direction away from oil services and towards oil and gas exploration and production.

The directors say the disposals in the second half of 1983 and the first half of the current year of KCA Drilling Group, BW Mud and Berry Wiggins have led to a "significant reduction in bank borrowings, and have resulted in a strong balance-sheet."

They point out that with gearing now 31 per cent, compared with 210 per cent last year, they are using this base to work towards three objectives:

To increase earnings by expanding interests in oil and gas production; to continue the successful trading activities of the group by acquiring oil and gas investments for resale; to continue the disposal of the remaining oil services and non-oil parts of the group.

The directors add that they view the prospects over the second half of 1984 and in the future with confidence.

Profits for the whole of 1983 dropped from £4.42m to £457,000.

Turnover for the six months, excluding that of subsidiaries now sold, expanded from £1.09m to £3.44m and there were profits from continuing operations of £1.22m, compared with losses of £1.35m. Profit, to date of disposal, from subsidiaries now sold amounted to £480,000, against a previous £2.68m.

Group profits were struck after interest payable of £336,000 (£918,000) and were subject to tax of £550,000 (£1.27m). After minority credits of £205,000 (£504,000 debits) and an extraordinary credit of £1.58m net—profit on the sale of BW Mud assets—there was a balance of £2.6m (£1.36m loss).

Earnings per share were 2.74p (3.8p losses), and again there is no interim dividend.

As at June 30 last net current assets were £2.06m, compared with £10.77m liabilities, bank loans and overdrafts were £7.28m (£42.8m), while shareholders' funds totalled £23.29m (£20.36m).

Aberfoyle doubles size of Hellyer discovery

AUSTRALIA'S Aberfoyle mining group and its partner Paringa Mining and Exploration now appear to have found another major deposit of base and precious metals in Tasmania that will rank in importance with their established good grade Que River mine, some three kilometres away.

It is the Hellyer prospect which, like Que River, is owned as to 90 per cent by Aberfoyle and 10 per cent by Paringa. As already reported, drilling has intersected similar metal values and mineralisation to that encountered at Que River.

Now comes the news that latest drilling has virtually doubled the previous ore reserve estimate to some 10m tonnes with the likelihood of further increases as drilling proceeds, reports Lachlan Drummond from Sydney.

While the size of Hellyer is less than some other finds of recent years, it is the high ore grades which put it in the class of the Woodlawn and Golden Grove discoveries as among the best of the last decade.

Underground mining grades at Hellyer are expected to work out at a combined 18.19 per cent lead and zinc with 150 grammes silver and 2 to 3 grammes gold per tonne of ore. The total value of the metal content would be in the region of A$2.6bn (£1.6bn).

The latest upgrading of the deposit makes it more likely that the partners will build their own concentrating plant at a cost of some A$50m-A$70m rather than use the relatively near facilities of NZ Industries.

The Que River mine started production in February 1981 and is operating at the rate of 200,000 tonnes a year. It is a profitable support for Aberfoyle's traditional tin mining operations which are being affected by the tin export control restrictions imposed by the International Tin Council.

In London yesterday shares of Aberfoyle jumped 60p to 410p while those of Paringa were 4p up at 58p.

Freeport ahead at half-year

BOOSTED earnings from agricultural minerals, notably sulphur, have made it possible for Freeport-McMoRan to raise raise second quarter net income in the face of lower prices for its copper and gold.

The U.S. company reports second quarter earnings of $25.9m (£19.7m) which make a half-year total of $47.9m, or 65 cents per share, compared with $42m in the first half of 1983. The company's important energy income from oil and gas and uranium was moderately lower in the latest half-year.

Freeport is maintaining a large exploration effort for oil and gas and hard minerals. During the second quarter agreement was reached with industry partners to form a new two-year $370m oil and gas joint exploration programme. It will be operated by a Freeport subsidiary with a 56 per cent participation.

Last month Freeport announced that it had reached agreement to purchase, with two other partners, the Canadian oil and gas assets of the Nu-West group for a consideration of $244m.

Mr Benno C. Schmidt, the chairman, said that at July 23 the company had purchased 3.05m of its common shares for $50.5m. This was the result of a plan announced late in June to buy shares from time to time either in the market or in private transactions "because we believed that the stock was undervalued."

Dispute over Wagga Wagga gold

AUSTRALIAN COMPANIES within the British Petroleum (BP) group have moved to block the acquisition by two local junior exploration companies of a 25 per cent interest in the promising Temora gold prospect near Wagga Wagga in New South Wales.

The two junior companies, Samantha Exploration and Samson Exploration, announced last month that they were jointly to take a 15 per cent contributing and a 10 per cent non-contributing interest in Temora from a private Australian group.

The acquisition, for a total of A$3m (£1.9m), was reported to be subject to approval from Seltrust Holdings, part of the BP group.

Seltrust, 75 per cent-owned by BP, holds 56.25 per cent of Temora, with a further 18.75 per cent in the hands of AIH Gold, a wholly-owned BP subsidiary.

Samantha and Samson have now revealed that Seltrust has announced its intention of exercising its pre-emptive right to acquire the outstanding interest in Temora, "contrary to the belief" of the junior exploration companies.

The twins added that they believed this move would contravene the foreign investment guidelines set by the Australian Government, and would not be in the national interest, nor the interests of shareholders.

Mr David Muller, chairman of both Samantha and Samson, said last month that the information published by Seltrust so far "strongly suggests" the presence of a large body of gold mineralisation which would be amenable to open-pit extraction, with the average grade likely to be in excess of 3 grammes of gold per tonne.

BP pointed out in London yesterday that Temora was clearly only in the early stages of development. If a decision to mine the deposit is made, the group will obviously have to seek an Australian partner.

COMPANY NEWS IN BRIEF

Burmatex, a Yorkshire-based carpets group, has exceeded its profits forecast made at the time of its placing on the Stock Exchange in March.

Taxable profits for the year to end-May 1984 amounted to £774,000 and compares with a forecast of £750,000 and £594,000 for the previous year. The result was achieved on higher turnover of £3.5m (£2.87m) and included investment income of £47,000 (£37,000) and investment gains of £21,000 (£36,000).

As anticipated, an interim dividend of 2p per share is being paid. Tax took £350,000 (£259,000) and extraordinary items, being placing expenses, accounted for £132,000—earnings per sare were 6.1p (4.8p).

* * *

The Inter-City Investment Group cut its pre-tax losses by £61,000 to £807,000 over the 1983 year and the benefits of the association with Wearwell and the capital injection have "gradually, but steadily, begun to accrue."

Turnover for the year moved ahead to £6.39m (£5.99m)—the group has interests in wholesale distribution of imported men's women's garments.

The directors of both companies are working on plans for long-term expansion of the group's trading. They are continuing to seek ways of increasing turnover and negotiations are in hand for promotion of its goods by two "well known" retail stores. Loss per 20p share was cut from 9.66p to 6.05p.

* * *

Mr Nicholas Horsley, chairman of Northern Foods, told an egm that, as indicated last month, trading had proved difficult and that profits for the opening half year were unlikely to equal the previous year's particularly good figures.

He added that the position would improve as the year progressed. The conditional arrangement to dispose of the group's Milwaukee slaughtering plant was not concluded and following the failure to negotiate a new labour contract, the plant is to close.

* * *

Pre-tax profits of Moorgate Mercantile Holdings advanced from £517,000 to £850,000 over the 12 months ended March 31 1984 from turnover £2.43m ahead at £18.67m. A final dividend of 0.9p makes a total of 1.3p net, compared with 1.1p.

The directors face the current year with confidence and look forward to another 12 months of continued progress—the group provides instalment credit finance and leasing facilities and also has insurance interests.

Earnings for 1983-84 emerged at 2.84p (2.26p) per 10p share after tax of £106,000 (£86,000).

* * *

Despite a dramatic decline in the company's coachbuilding activity,p re-tax profits of Walter Alexander improved by 11 per cent to £2.54m for the year ended March 31 1984.

The directors explain that coachbuilding is to remain a main part of the company's activities in a reorgansation which is to precede seeking a full listing on the Stock Exchange. This is likely to see an end to family control, Mr Alexander, chairman, states.

* * *

Taxable profits of Graig Shipping rose from £807,000 to £1.29m in the year to March 31 1984 and the total dividend is effectively being lifted from 7.5p to 10p with a final payment of 7.5p net.

There was a tax credit of £698,000 (£956,000) giving a net balance of £1.99m (£1.76m) for the 12 months.

Owing to the changes in corporation tax proposed in the Budget, it has been necessary to make provision out of reserves amounting to £2.25m in respect of deferred tax. After making this provision the net asset value per share based on the consolidated balance sheet as at March 31 1984 amounts to £6.56 per share.

* * *

The midway recovery reported at Syltone was augmented in the second half enabling this engineer and wholesale electrical distributor to reach a pre-tax profit of £1m for the year to March 31 1984.

The result is an improvement on last year's £53,000, but still falls short of the levels of profitability in most years since 1978.

The final dividend is unchanged at 5.4p net, to maintain the 9p total.

Turnover advanced from £16.32m to £20.92m, from which trading profit increased by over £1m to £1.37m. Net interest charges took more at £373,000

* * *

After a higher exceptional debit of £266,000, against £50,000, losses before tax at Routledge & Kegan Paul deepened from £58,000 to £243,000 in the year to end-March 1984.

Turnover of this book publisher amounted to £5.55m (£5.02m) and operating profits came out at £162,000 (£118,000). Interest charges totalled £138,000 (£126,000).

There is again no dividend—the loss per share rose from 5.9p to 21.1p.

* * *

The current year at Osprey Communications, investment concern, has started extremely well, directors say, with advertising turnover for the first three months showing a 37 per cent increase, and they are confident that results for the year will be more than satisfactory.

Revenue for the two months ended March 31 1984 amounted to £11,587, subject to tax of £3,726.

* * *

Net asset value per share at City and Foreign Investment stood at 132.5p as at June 30 1984 compared with 145.75p six months previous.

Gross income for the interim period under review was £23,900, against £45,400 and, after management expenses, there was a loss of £13,000 (profit £22,600) at the taxable level.

Tax took £1,500 (£8,600), after which the loss per share was shown as 0.364p (earnings 0.35p).

* * *

Net asset value per 25p share of Drayton Far Eastern Trust amounted to 118½p as at June 30 1984, compared with 122½p six months earlier.

For the first six months of 1984 revenue was £79,200 against £37,600, after tax of £54,100 (£30,700), or 0.471p (0.244p) per share. The interim dividend is unchanged at 0.4p—last year's final payment was 0.45p.

* * *

Substantially higher pre-tax profits, up from £130,000 to £545,000, are reported by Sekers International, manufacturer of exclusive furnishing fabrics, for the year to March 31 1984.

Turnover also showed a big improvement, rising from £11.57m to £15.35m. Trading profit emerged at £1.01m compared with £540,000, and other operating income was £66,000 against £56,000. Interest charges were higher at £534,000 against £466,000.

After tax of £52,000 (nil) and extraordinary debits of £300,000 (£86,000), attributable profits were up from £44,000 to £193,000.

The final dividend is unchanged at 1p for a same-again total of 1.25p, and net earnings per share rose from 1.33p to 5.03p. Net asset value per share was 49.4p

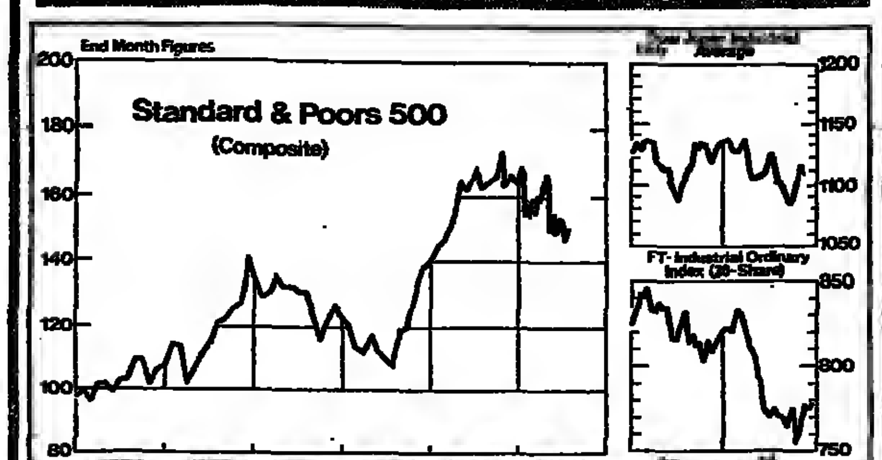
The directors say the group is now structured to provide the products and services which are in demand worldwide, and is well-placed to take advantage of further opportunities as they arise.

FINANCIAL TIMES

Tuesday July 31 1984

Base metal market primed for upsurge, Page 34

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	July 30	Previous	Year ago
DJ Industrials	1,109.98	1,114.62	1,199.22
DJ Transport	467.35	466.60	550.77
DJ Utilities	123.84	124.33	129.77
S&P Composite	150.19	151.19	162.56
LONDON			
FT Ind Ord	778.7	776.4	707.1
FT-SE 100	996.5	995.6	958.8
FT-A All-share	469.48	468.94	443.0
FT-A 500	504.67	504.63	482.15
FT Gold mines	499.0	502.4	645.4
FT-A Long gilt	11.37	11.27	10.95
TOKYO			
Nikkei-Dow	10,013.60	10,036.20	9,078.75
Tokyo SE	765.10	767.11	669.49
AUSTRALIA			
All Ord.	682.3	683.6	672.1
Metals & Mins.	409.7	413.8	598.1
AUSTRIA			
Credit Aktien	53.42	53.51	55.33
BELGIUM			
Belgian SE	142.16	142.11	134.38
CANADA	July 30	Prev.	Yr ago
Toronto			
Metals & Minls	n/a	1,703.4	—
Composite	2,138.40	2,149.9	2,477.62
Montreal			
Portfolio	104.53	105.09	121.90
DENMARK			
Copenhagen SE	185.70	186.10	160.18
FRANCE			
CAC Gen	158.9	160.8	129.0
Ind. Tendance	102.9	103.6	81.1
WEST GERMANY			
FAZ-Aktien	326.03	323.49	328.94
Commerzbank	943.5	938.20	972.9
HONG KONG			
Hang Seng	802.68	785.99	1,072.02
ITALY			
Banca Comm.	207.24	207.14	198.78
NETHERLANDS			
ANP-CBS Gen	146.5	146.5	139.3
ANP-CBS Ind	122.1	121.6	113.3
NORWAY			
Oslo SE	246.35	249.72	201.47
SINGAPORE			
Straits Times	932.6	904.38	935.06
SOUTH AFRICA			
Golds	856.5	889.8	911.3
Industr[illegible]	915.5	920.2	927.5
SPAIN			
Madrid SE	132.58	130.90	119.74
SWEDEN			
J & P	1,499.90	1,496.18	1,412.94
SWITZERLAND			
Swiss Bank Ind	359.1	357.6	344.4
WORLD	July 27	Prev	Year ago
Capital Int'l	168.6	187.9	180.9

GOLD (per ounce)

	July 30	Prev
London	$340.375	$336.50
Frankfurt	$338.50	$335.125
Zurich	$338.50	$335.625
Paris (fixing)	$339.33	$337.28
Luxembourg (fixing)	$337.25	n/a
New York (Aug.)	$342.00	$342.00

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 30	U.S. DOLLAR Previous	STERLING July 30	STERLING Previous
$	–	–	1.308	1.3115
DM	2.894	2.884	3.785	3.784
Yen	246.0	245.3	321.25	321.5
FFr	8.8835	8.85	11.62	11.5975
SwFr	2.4625	2.461	3.2225	3.2225
Guilder	3.271	3.251	4.2775	4.26
Lira	1779.0	1776.5	2329.0	1776.5
BFr	58.495	58.25	76.6	58.25
C$	1.31525	1.31375	1.7195	1.31375

INTEREST RATES

	July 30	Prev
Euro-currencies (3-month offered rate)		
£	12½	12⁷⁄₁₆
SwFr	5	5¹⁄₁₆
DM	5¹³⁄₁₆	5¾
FFr	12	11¹⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month U.S.$	11⅞	11⅞
6-month U.S.$	12⅜	12¼
U.S. Fed Funds	11⅝	11½
U.S. 3-month CDs	11.30	11.30
U.S. 3-month T-bills	10.33	10.26

U.S BONDS

Treasury		July 30* Price	July 30* Yield	Prev Price	Prev Yield
12⅝	1986	100 1/32	12.60	100 5/32	12.48
13⅞	1991	103 19/32	12.98	104 4/32	12.83
13¼	1994	100 27/32	12.99	101 19/32	12.83
13¼	2014	102 27/32	12.86	103 22/32	12.76

Corporate	July 30* Price	July 30* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	88¾	13.20	88¾	13.20
3⅞ July 1990	70⅝	10.70	70⅝	10.70
8¾ May 2000	69⅝	13.45	69⅝	13.45
Xerox				
10⅞ March 1993	85⅝	13.45	85⅝	13.45
Diamond Shamrock				
10⅞ May 1993	85¼	13.55	85¼	13.55
Federated Dept Stores				
10⅞ May 2013	78.579	13.60	78.579	13.60
Abbot Lab				
11.80 Feb 2013	87.00	13.60	87.00	13.60
Alcoa				
12¼ Dec 2012	87¾	14.00	87¾	14.00

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	63-25	64-04	63-22	64-09
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.43	89.49	89.42	89.50
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.38	88.44	88.36	88.47
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.27	88.31	88.23	88.40
20-year Notional Gilt £50,000 32nds of 100%				
Sept	98-21	98-22	98-05	98-24

COMMODITIES

(London)	July 30	Prev
Silver (spot fixing)	531.60p	531.60p
Copper (cash)	£1,012.75	£1,011.50
Coffee (July)	£2,193.00	£2,197.50
Oil (spot Arabian light)	$26.95	$26.95

WALL STREET

Optimism again held in check

BOND markets were in a more cautious mood on Wall Street yesterday after the substantial price gains chalked up last week in the wake of Mr Paul Volcker's confirmation that the Federal Reserve had not tightened credit policies in July, *writes Terry Byland in New York.*

The federal funds rate held firm at 11½ per cent, dragging other short-term rates up with it. The bond market, which tomorrow faces the announcement of the U.S. Treasury's funding needs for the next quarter – probably around $16.75bn – shaded lower.

Share prices edged ahead during the first half of the session, but support was restrained by the easier trend in the credit markets. Towards the close, when the federal funds rate edged higher to 11⅝ per cent, stocks began to shade lower. The Dow Jones industrial average ended at net 4.64 points down at 1,109.96. On turnover of 73.4m shares, the bond market showed losses ranging to around half a point.

Last week's recovery in share prices, although accompanied by an upturn in market activity, has not yet convinced the institutions that a major advance is in prospect. The possible combination of disinflation and higher interest rates later in the year discourages over-optimism.

Once again prominent on the list of active stocks was Continental Illinois, trading unchanged at $4½, with more than 1m shares traded before midsession. This was the third consecutive session since the Federal bail-out in which shares of the luckless Chicago bank have topped the active list.

Also firm again were the bank's debenture stocks, which advanced strongly last week.

The quarterly reporting season continued to unravel without producing any great surprises. General Motors at $68¼ gained an early $¼, with investors more concerned with prospects for the wage talks than with the massive, but expected, gain in profits in the second quarter.

IBM, which is expected today to announce "product enhancements" aimed at rallying support for the PCjr dipped $⅜ to $108⅞. Sales of the PCjr, IBM's model for the personal computer market, have so far disappointed both Wall Street and the computer company.

Oil shares turned uncertain after last week's disclosure that the Soviet Union is cutting spot prices. Exxon, at $39⅞, eased $¼, but Mobil, also actively traded, held unchanged at $24⅞.

Unocal, a recent takeover favourite, slipped $1¼ to $33⅜

Firm spots among the leaders included General Electric, $¼ up to $51⅞; Data General, $⅝ higher at $44⅛; and Hewlett Packard, $1 better at $19⅞.

Among the defence and aerospace issues, Boeing slipped $½ to $46⅛ amid its trading figures. Northrop, however, at $95¼ added a further $1⅝.

The withdrawal of the offer from Nestlé left CooperVision, the optical group, $2 down at $16⅜ with more than 1m shares sold as the disappointed speculators moved out.

Airline issues held firm, buoyed by the recent round of good profits statements as well as by the prospect of a fall in the price of fuel, the major cost factor for the industry. Northwest Airlines, after lagging behind last week, edged up $½ to $36½, and on the American Stock Exchange, Ozark Airlines gained $⅜ to $9⅝.

There was further support for Eastman Kodak with a fresh rise of $½ putting the shares at $74⅝, within a few dollars of the 52-week high.

The credit sector could make little or no recovery from its early weakness. Treasury bill rates added a few basis points, putting three-month rates at 10.33 per cent and the six-month at 10.62 per cent. Money market rates, taking their cue from the federal funds, also climbed by five basis points or so.

In the bond market, the institutions were digesting the stock taken aboard last week. Trading was not heavy, and losses were held to ¹⁄₃₂ or so. The key long bond of 2014, at 102²⁷⁄₃₂, gave up ¹⁵⁄₃₂.

LONDON

Sterling adds to the strain

RISING short-term interest rates behind a slipping sterling yesterday made for a nervous London session in government securities, while equities marked time.

Longer-dated gilts showed falls stretching to ¾, while shorter maturities were as much as ⁵⁄₁₆ down.

Equity markets, on the opening session of a new trading account, hovered either side of Friday's list levels, but values hardened late following a more stable pound.

Four constituents of the FT Industrial Ordinary index – BOC, GEC, ICI and Thorn EMI – were quoted ex-dividend. The combined deductions took 2.2 off the index, which closed 2.3 higher at 776.7.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30–31

HONG KONG

A POSITIVE reception was given by Hong Kong investors to the latest indications from the Chinese on the progress of talks over the colony, and the sale of an important Kowloon land block within the expected price range also aided sentiment.

The Hang Seng index broke the 800 barrier for the first time in a fortnight, adding 16.69 to 802.68.

The property side showed gains of 30 cents for Cheung Kong at HK$7.35 and 7 cents in Kongkong Land at HK$2.32.

SINGAPORE

RECORD Singapore turnover reflected persistent buying demand and extended a broad-based rally into its third day. The Straits Times industrial index gained 28.22 to 932.60.

Encouragement was drawn from a revival of buying by smaller domestic investors, while institutional liquidity was high. Pegi, volume leader, put on 15 cents to S$1.87, and Pan Electric, the second most active, added 6 cents to S$3.14.

SOUTH AFRICA

THE BEST levels of the day for Johannesburg golds proved impossible to maintain by the close, but good rises still remained as benefit was drawn from bullion's firmness.

Buffels added R1.75 to R65.75, while of the mining houses Anglo-American edged 10 cents higher to R21.30.

CANADA

DIFFICULTY was found in establishing a clear trend in Toronto, where firm metal values buoyed mining sectors while profit-takers elsewhere trimmed some of last week's gains.

Industrials held up best in Montreal, with banks and utilities in less favour.

EUROPE

External influences inhibit

THE CONTINUED strength of the dollar and a reawakened unease over the outlook for U.S. interest rates had an inhibiting effect on many of the European bourses yesterday.

However, a mixed to higher result was achieved in many centres in volume depressed by the approach of the month end.

In **Frankfurt**, where the dollar was at an 11½-year high, the midsession calculation of the Commerzbank index showed a 7.3 advance to 943.5.

The motor sector drew patchy strength from forecasts of good year-end results and buy recommendations from some analysts.

Daimler-Benz and Porsche each added DM 6 to DM 536 and DM 963, and BMW firmed DM 8 to DM 358. Volkswagen failed to derive benefit, dipping 30pfg to DM 171.70.

Bonds were little changed, and the Bundesbank was able to sell DM 10m of paper into the market following its sales of DM 28.8m on Friday.

Paris was one of the few losers of the day, declining against market expectations after last week's upturn.

The market was led down by weakness in oils following the cut in the Soviet oil price. Esso was further depressed by the small size of its French oil find, announced last week. The shares shed FFr 63 to FFr 560 after a low of FFr 570.

Amsterdam was mixed to higher, but this was primarily a continued reaction to Wall Street's pre-weekend performance rather than the result of any fresh influences.

Royal Dutch continued on its lower trend, shedding Fl 1 to Fl 136.20, but KLM added Fl 2.60 to Fl 162.50 on the possibility of falling oil prices.

Bonds were mostly unchanged in dull trading.

Zurich was mostly higher in thin volume, though it continued to lack a clear direction.

Among industrials, Nestlé added SwFr 25 to SwFr 5,100 as it forecast a further rise in earnings this year. The shares were unaffected by the company's decision to drop its bid for CooperVison of the U.S.

In banks Crédit Suisse added SwFr 10 to SwFr 2,070 as it announced expectations of good results for the current year.

Bonds were mixed to lower in light volume.

Expectations that the Belgian Government will not change fiscal advantages for shareholders gave **Brussels** a marginal boost.

However, market leader Petrofina went against the trend, with its decline of BFr 50 to BFr 8,520 attributed to depressed oil stocks and prices.

Madrid posted its highest closing level of the year with the bourse index up 1.68 to 132.58. The improvement partly reflected expectations that a social pact for Spanish workers would soon be drawn up.

Milan was little changed after a session shortened by a lack of trading volume.

Stockholm was mixed in moderate trading. Volvo shed SKr 1 to SKr 25 despite weekend comments by its managing director that the cars division expects to improve on its record 1983 profits this year. **Copenhagen** was marginally easier.

TOKYO

The biotech pioneers are favoured

ACTIVITY slowed on the Tokyo stock market yesterday after last week's brisk recovery in the Nikkei-Dow market average to the 10,000 level, and only some incentive-backed issues were traded actively, *writes Shigeo Nishiwaki of Jiji Press.*

From the outset, most investors focused on the stock of Morinaga, a major confectioner also engaged in biotechnology development of drugs. Some other biotechnology-related food issues were also favoured, but blue-chip stocks attracted less buying interest.

The Nikkei-Dow index dipped 21.39 to 10,013.60 on volume of 313.08m shares, compared with 312.44m shares last Friday. The market had climbed above 10,000 on Friday in its fourth consecutive winning session.

The 10 most active stocks accounted for as much as 43 per cent of yesterday's turnover, and five of the 10 were food issues related to biotechnology.

Investors rushed to buy Morinaga shares on news that the company had succeeded in the mass production of a human monoclonal antibody. The stock topped the active list with 41.78m shares changing hands, and its price jumped Y70 to Y646, the highest on record.

Other biotechnology-related food issues advanced in sympathy, with Taiyo Fishery gaining Y3 to Y221, Snow Brand Milk Products Y17 to Y427, Nippon Reizo Y54 to Y362 and Morinaga Milk Products Y3 to Y483.

Elsewhere, Seika Sangyo, which recently developed a system for personal computer software compatibility, continued to attract buyers, ranking second to Morinaga on the active list. It soared Y55 to Y455. Stanley Electric gained Y46 to Y809 on speculative buying interest.

The bond market remained flat in thin trading, despite the yen's weakness. City banks and trust banks, willing to buy bonds at rates somewhat higher than the market rates, had difficulty finding sellers. The yield on the benchmark 7.5 per cent government bond due January 1993, after reaching a peak of 7.475 per cent, fell back to Saturday's level of 7.465 per cent on small-lot buying.

AUSTRALIA

EARLY firmness gave way in Sydney to a dull finish – particularly for BHP, which was taken 16 cents higher at one stage by Friday's results before falling back to A$8.68, 2 cents down on the day as it released plans for further acquisitions.

The other feature was tin miner Aberfoyle, which jumped 90 cents to A$6.50 ahead of news of a metal find. The rest of the mining and energy side weakened, while among the industrials Mr Rupert Murdoch's News Corporation shed 20 cents to A$8.70 as he set his St Regis tender in train.

Closing prices, July 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	13¼	AAR	.48	2.3	22	x96	u21⅛	20⅝	21	+¼
16⅞	13⅛	AMF	.80	3.3	139	207	15¼	15⅛	15⅛	−⅛
41⅝	24¼	AMRCp			4	4503	27½	25⅝	26⅞	+⅛
20⅞	17⅞	AMR	pf2.19	11		24	19⅛	19¼	19¼	−⅛
41½	27½	AMR	pf2.13	7.1		314	30⅛	30	30	
25½	23	ANR	pf2.67	12.		5	23⅛	23⅛	23⅛	
16¼	8⅝	APL			3	113	8⅞	d8½	8⅞	
55¼	40¼	ARA	2.10	4.5	3	5909	52	40	46⅝	−5⅞
71½	44⅞	ASA	3a	6.2		503	48⅝	47½	48⅝	+¼
30¼	16½	AVX	.32	1.6	12	153	20⅝	19⅝	19⅞	−¼
53⅝	38¼	AbtLab	1.20	2.8	14	1420	43¾	43⅛	43½	+⅛
30¼	23¼	AccoWd	.60	2.1	17	38	29⅛	28⅝	29	
27⅛	12½	AcmeC	.40	3.1		115	13	12⅞	12⅞	
12⅞	8⅞	AcmeE	.32b	3.8	24	12	8½	8½	8½	
24⅞	11	AdmDg	.04	.3	8	37	13⅝	13½	13½	+¼
16¼	15	AdaEx	2.11e	14		80	15½	15⅛	15⅛	−⅛
18¼	12⅞	AdmMl	.28	2.3	13	3	12⅞	d12¼	12⅞	
22	13½	AdvSys	.811	5.4	16	460	15⅛	15	15	+¼
17⅞	7⅞	Advest	.12	1.3		51	9⅛	8⅞	9	−½
37½	25⅛	AMD			13	1677	29⅝	28⅛	28⅛	−1⅛
21⅞	9⅝	AerFlex			16	80	10½	10¼	10½	+⅛
39	27⅛	AetnLf	2.64	8.7	13	1984	30⅞	30⅛	30⅞	−⅛
59¼	54	AetL	pf5.48e	9.9		80	80	55⅛	55⅛	+⅛
34½	15⅞	Ahmns	1.20	6.0	5	628	20⅛	19⅞	19⅞	−⅛
7	2⅞	Aileen				59	3⅛	2⅞	3⅛	+¼
51	30½	AirPrd	1	2.4	9	781	42¼	41½	41½	−⅛
30⅞	12	AirbFrt	.60	4.1	6	73	14⅝	14¼	14⅝	+⅛
3⅞	1⅞	AlMoa	s			274	3⅛	3¼	3⅛	+⅛
31⅞	28¼	AlaP	pfA3.92	14.		8	28⅞	28¼	28¼	
7¼	6	AlaP	dpf.87	14		3	6½	6⅛	6⅛	
73½	61½	AlaP	pf 9	14.		z180	63	63	63	
24½	20⅝	Alagaco	1.04	8.0	7	1	23⅛	23⅛	23⅛	

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Market Makers in Euro-Securities

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices, July 30

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year. omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

July 30	Price Sch%	+ or −
Creditanstalt	206	...
Goesser	326	...
Interunfall	400	...
Laenderbank	205	...
Perlmooser	347	...
Steyr-Daimler	140	...
Veitscher Mag	218	−2

BELGIUM/LUXEMBOURG

July 30	Price Frs.	+ or −
ARBED	1,590	...
Banq Int A Lux	5,050	...
Bekaert B	3,820	+20
Ciment CBR	2,305	−20
Cockerill	236	−2
Delhaize	4,860	+30
EBES	2,500	+45
Electrobel	6,840	+20
Fabrique Nat	1,850	+6
GB Inno BM	3,070	...
GBL (Brux)	2,120	...
Gevaert	3,050	−15
Hoboken	6,070	+80
Intercom	1,880	+5
Kredietbank	6,840	−10
Pan Hldgs	8,950	...
Petrofina	6,520	−50
Royale Belge	9,550	−50
Soc. Gen. Banq	2,905	−20
Soc. Gen. Belge	1,670	+20
Sofina	6,140	+30
Solvay	5,655	+20
Tractionel	3,600	+145
UCB	4,430	+40
Vieille Mont	4,020	+45

DENMARK

July 30	Price Kr %	+ or −
Aarhus Olie	450	...
Andelsbanken	228	+3
Baltic Skand	685	−5
CopHandelsbank	243	+1
D. Sukkerfab	645	+5
Danske Bank	937	+5
East Asiatic	208	+1
Forenede Brygg.	955	...
Forenede Damp.	113	...
GNT Hldg	490	...
I.S.S.	548	...
Jyske Bank	465	−5
Novo Ind	2,150	−15
Privatbanken	212	−3
Provinsbanken	296	...
Smidth (F)	220	...
Sophus Berend	960	...
Superfos	451	−5

FRANCE

July 30	Price Frs.	+ or −
Emprunt 4½% 1973	1,716	+4
Emprunt 7% 1973	9,050	−120
CNE 3%	3,560	−24
Air Liquide	511	−7
BIC	409	−11
Bouygues	565	...
BSN Gervais	2,455	+5
CIT-Alcatel	1,040	+3
Carrefour	1,595	+8
Club Mediter'n	860	−5
CFAO	612	+11
Cie Bancaire	500	−3
Cofimeg	225	−9
Darty	925	...
Dumez S.A.	686	−8
Eaux (Cie Gen)	494	+6
Elf-Aquitaine	191.5	−9.5
Gen. Occidentale	627	−8
Imetal	73	−1.1
Lafarge Coppee	302	−5
L'Oreal	2,215	−45
Legrand	1,850	...
Maisons Phenix	204.8	−0.2
Matra S.A.	1,360	−6
Michelin B	764	−17
Midi (Cie)	1,564	−16
Moet-Hennessy	1,608	−7
Moulinex	96	+0.1
Nord Est	44	+0.3
Pernod Ricard	765	−7
Perrier	495	−0.5
Petroles Fra	225.6	+5.9
Peugeot S.A.	196.5	−1.5
Poclain	44	+0.9
Printemps Au	132.5	−5.5
Radiotech	258	+2
Redoute	1,045	−6
Roussel-Uclaf	1,275	−3
Selimeg	237.1	+0.1
Skis Rossignol	1,278	+29
Telemech Elect	1,575	+15
Thompson (CSF)	285.5	−9.3
Valeo	220.5	−4

GERMANY

July 30	Price Dm.	+ or −
AEG-Telef	88.2	+0.2
Allianz Vers	726	−3
BASF	161.2	+0.5
Bayer	157.5	+1
Bayer-Hypo	354	+0.5
Bayer-Verein	395	+2
BHF-Bank	233	−1
BMW	358	+8
Brown Boveri	196	...
Commerzbank	146.2	−0.1
Cont'l. Gummi	114	+0.9
Daimler-Benz	656	+6
Degussa	342.5	−0.5
D'sche Babcock	159	−1
Deutsche Bank	316.2	−0.4
Dresdner Bank	143.6	−2
GHH	129.6	+1
Hochtief	460xd	...
Hoechst	164.4	+0.7
Hoesch Werke	80.6	−3.4
Holzmann (P)	414	...
Horten	156	...
Kali und Salz	211	...
Karstadt	226	+5.5
Kaufhof	201.5	+0.5
KHD	217	+0.6
Kloeckner	54	+1
Krupp	77	...
Linde	336	−1
Lufthansa	149.5	+7
MAN	133	+6
Mannesmann	134	+3.5
Mercedes Hld.	481	+3
Metallgesell	210	...
Muench Rueck	835	...
Preussag	224	+2
Rhein West Elect	153	−0.9
Rosenthal	229	...
Schering	325	...
Siemens	364.7	+1.7
Thyssen	71.5	−0.5
Varta	160.6	+0.6
Veba	160.8	+0.8
V.E.W.	112.6	...
Verein-West	287	...
Volkswagen	171.7	−0.3

ITALY

July 30	Price Lire	+ or −
Banca Com'le	17,200	+200
Bastogi-IRBS	159	−1
Centrale	2,150	+11
Credito Varesino	3,961	+1
Fiat	4,022	+6
Finsider	35.25	−0.5
Generali Assicur	33,450	+280
Invest	2,918	+5
Italcementi	47,520	+170
Montedison	1,114	−6
Olivetti	5,350	+28
Pirelli Co	2,929	−6
Pirelli Spa	1,651	−14
Snia BPD	1,570	+11
Toro Assic.	11,000	+9
do. Pref.	8,580	

NETHERLANDS

July 30	Price Fls	+ or −
ACF Holding	160.5	+1
AEGON	112	...
Ahold	177.5	+1.5
AKZO	81	−0.3
ABN	302.5	+3.5
AMEV	161	...
AMRO	53.6	+0.6
Bredero Cert	175.5	...
Bos Kalis Westm.	26.6	−0.7
Buehrmann-Tet.	68.7	+0.2
Calland Hldgs	55	...
Credit Lyon'ls Bk	44.7	...
Elsevier-NDU	84.5	...
Gist. Brocades	139.5	+1
Heineken	125.5	+1
Hoogovens	45	+0.3
Hunter Douglas	27.6	−0.3
Int Mueller	53.6	+0.1
KLM	162.5	+2.6
Naarden	37.1	+0.7
Nat Ned Cert	236	+1.5
Ned. Credit Bank	40	...
Ned Mid Bank	127	+1
Nedlloyd	100	−1
Oce Grinten	234	+6
Ommeren (Van)	25.3	+0.1
Pakhoed	56	−0.9
Philips	43.5	+0.4
Rijn-Schelde	2.8	...
Robeco	59.8	+0.3
Rodamco	131.1	−0.2
Rolinco	55.7	+0.4
Rorento	300.1	−0.3
Royal Dutch	136.3	−1
Unilever	250.3	+0.8
VMF Stork	120.8	+0.8
VNU	146.5	−0.6
West Utr Bank	77.8	+0.3

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

SWEDEN

July 30	Price Kroner	+ or −
Boliden	381	−2
Cardo (Free)	525	+9
Cellulosa	138	...
Electrolux B	253	−9
Ericsson	318	...
Esselte	980	...
Mo Och Domsjo	385	...
Pharmacia	275	...
Saab-Scania	422	+2
Sandvik	400	−6
Skandia	355	−5
Skan Enskilda	309	−1
SKF	188	−5
St. Kopparberg	725	...
Sven Handelsbn.	120	−1
Swedish Match	255	+1
Volvo B (Free)	255	−1

SWITZERLAND

July 30	Price Frs.	+ or −
Alusuisse	675	+5
Bank Leu	3,495	+25
Brown Boveri	1,240	−10
Ciba Geigy	2,960	+40
do. (Part Certs)	1,730	+10
Credit Suisse	2,070	+10
Elektrowatt	2,390	+20
Fischer (Geo.)	605	−7
Genevoise	3,425	−25
Hoff-Roche PtCts	91,000	−185
Hoff-Roche 1/10	9,100	+95
Jacobs Suchard	5,900	+75
Jelmoli	1,750	...
Landis & Gyr	1,560	...
Nestle	6,100	+95
Oer-Buehrle	1,036	+5
Pirelli	242	...
Sandoz (Br)	6,825	...
Sandoz (PtCts)	1,000	+5
Schindler (PtCts)	660	+8
Swissair	821	+11
Swiss Bank	310	−2
Swiss Reinsce	7,050	−50
Swiss Volksbk	1,530	...
Union Bank	3,185	+5
Winterthur	2,775	−10
Zurich Ins	16,650	−75

AUSTRALIA

July 30	Price Aust $	+ or −
ANZ Group	4.55	−0.05
Acrow Aust.	1.65	...
Alliance Oil D.	0.61	−0.04
Ampol Pet	1.82	+0.02
Aust Cons Ind	1.91	−0.03
Aust. Guarant	9.83	+0.05
Aust. Nat. Inds.	2.20	...
Aust. Paper	2.27	+0.05
Bell Group	4.12	+0.02
Bond Corp Hldgs	1.38	−0.02
Boral	3.50	+0.01
B'ville Copper	1.43	−0.04
Brambles Inds	3.09	...
Bridge Oil	2.50	+0.05
BHP	9.68	−0.02
CRA	4.55	−0.05
CSR	3.10	−0.02
Carlton Utd	4.30	...
Castlemaine Tys.	4.50	+0.05
Coles (G.J.)	3.80	...
Comalco "A"	2.40	...
Consolidated Pet	0.50	+0.02
Costain Aust.	1.35	...
Dunlop Aust.	1.70	...
E.Z. Inds.	6.10	...
Elders IXL	3.85	+0.05
Energy Res.	1.53	−0.05

CANADA

TORONTO
Closing prices July 30

Sales	Stock	High	Low	Close	Chng
11517	Daon Dev	145	138	138	−4
100	Daon A	135	135	135	
5850	Denison A	$14⅛	14⅛	14⅛	−⅛
1600	Denison B 1	$14	13¾	13¾	−⅜
600	Develcon	$10¼	10¼	10¼	−¼
3300	Dicknsn A 1	410	400	400	
2000	Dicknsn B	400	400	400	+10

OVER-THE-COUNTER

Nasdaq national market, closing prices

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

Indices

NEW YORK

Continued from Page 27

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

BAT	228	+13
Chubb	172	+8
Croda	126	+6
Exco	445	+25
Horizon Travel	130	+12
Iotasun	95	+4
Man. Agency	122	+5
Mercantile Hse.	282	+15
Midland Bank	340	+7
Ocean Trans.	117	+8
Security Ctrs.	280	+15
TI	236	+6
Tate & Lyle	343	+21
Trident TV A	149	+7
Wedgwood	138	+7
Windsor Secs.	49	+3
Aberfoyle	410	+60
Kamunting	390	+60
Paringa	58	+4
RTZ	537	+12

FALLS

Tr. 10½pc 1989	£90¹¹⁄₁₆	−£⁵⁄₁₆
Ex. 12pc 13-17	£109⅛	−£⅛
Tr. i/c 2½pc 01	£86⅞	−£½
Christies	380	−10
Shell Trans.	543	−7
Bougainville	90	−6
CRA	288	−8
Elandsrand	650	−34
MIM	160	−8
Tvl. Cons.	£22¾	−£¼

Continued on Page 36

LONDON STOCK EXCHANGE

MARKET REPORT

Government stocks weaken as sterling slips back

Equity leaders harden late

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug 6
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Rising short-term interest rates behind a slipping sterling exchange rate yesterday made for a nervous session in Government securities. Stocks of both short and longer lifs weakened as the pound reacted not only against the dollar but also some European currencies, partly reflecting the current pressures on North Sea crude oil prices; the possibility of lower Brent levels has increased since last Friday's $1.50 per barrel cut in Soviet crude.

Gilt-edged traders were none too anxious to increase adequate book positions and therefore tended to back away from persistent rather than heavy sales of stock. Quotations fell progressively—despite a continuation early yesterday of the recent strong recovery in U.S. bonds—until the after-hours trade. Losses were then reduced slightly but longer-dated issues still showed falls stretching to 1¼, while shorter maturities were as much as ⅝ down. The FT Government Securities index fell 0.44 more to close at the lowest level for nearly two years of 75.72. Index-linked Gilts were caught up in the reaction and lost ⅛ in places.

Equity markets initially found it difficult to establish a definite trend. Investors on the opening session of a new trading Account were uninspired by Wall Street's continued firmness on Friday and business mainly was confined to speculative stocks or those recommended in the weekend Press columns. For much of the day, leading shares hovered either side of Friday's list levels but values hardened late following a more stable pound.

Four constituents of the FT Industrial Ordinary share index, BOC, GEC, ICI and Thorn EMI, were quoted ex-dividend. The combined deductions took 2.3 off the index, which closed 2.3 higher at 778.7.

Clearers quietly firm

The clearing banks passed a quietly firm trading session awaiting today's interim statement from NatWest, 5 better at 598p. Midland, which sound the current reporting season promisingly in announcing better-than-expected first-half profits of £70m, closed 7 dearer at 340p. Barclays, 445p, and Lloyds, 440p, hardened 2 apiece ahead of their interim statements, scheduled for Thursday and Friday respectively. Elsewhere, Grindlays put on 5 to 268p in front of today's mid-term results.

Windsor Securities provided an isolated firm feature among Lloyds Brokers, rising 3 to 49p on speculative buying. Hogg Robinson, however, softened a penny to 179p, after 177p, following uninspiring annual results.

Life issues opened the new Account quietly with sentiment still bolstered by takeover hopes. Legal and General improved 5 to 495p as did Pearl, to 523p. Among Composites, Commercial Union added 2 at 205p; the interim results are due on August 8. General Accident firmed 5 to 465p as did Royals, to 455p.

Official dealings in Falcon Resources, an oil company with U.S. acreage, were around 93p before the price softened to close at 87p; the new nil-paid shares, resulting from the £4m rights issue, settled at 4½p premium, after 5½p premium.

Latest newcomer to the Unlisted Securities Market, staff recruitment concern Blue Arrow, began life at 89p and, after a reasonable trade, closed at 85p compared with the placing price of 75p.

Price changes in the Building sector rarely exceeded a few pence either way. J. Jarvis firmed 5 to 288p awaiting today's preliminary results, while acquisition news left HAT Group a couple of pence firmer at 103p. Halical Bar hardened a penny to 23p on the diversification proposals.

ICI traded firmly at 540p xd, up 4, among Chemicals. Elsewhere, renewed bid speculation left Croda International 6 to the good at 129p; the Deferred shares were 4 higher at 85p.

Stores mark time

Leading Stores were content to mark time awaiting further economic pointers. Only Burton, a couple of pence dearer at 232p, and Marks and Spencer, 3 up at 112p ex the 100 per cent scrip issue, showed significant movement. News of further rationalisation of the company's properties failed to inspire Woolworth which eased 3 to 427p. Secondary Stores generally finished with modest rises, although business was described as "sparse". The usual batch of weekend Press comment provided the odd firm spot as in Vantona Viyella, 5 better at 224p, and MFI, 2 up at 139p. Tobacconists Alfred Preedy, a nervous market of late, announced a 53 per cent expansion in full-year profits and were marked 5 higher to 105p, while occasional interest was also noted for jewellers Aspray, 50 to the good at 675p. Rumoured bid situation Arthur Henriques hardened 3 to 73p in response to a newsletter mention.

Leading Electricals were inclined easier. Thorn EMI new nil-paid shares came under renewed selling pressure and touched 9p premium before settling 2 down on balance at 10p premium. BICC, in contrast, firmed 5 to 215p on hopes that the company may benefit from the proposal to electrify the east coast main line between London and Edinburgh. ICL firmed 3 to 84p which compares with STC's share exchange offer of 78p. Weekend Press mention left Security Centres 15 to the good at 280p and USM stock Telecomputing 10 dearer at 230p. Cray Electronics hardened a couple of pence to 167p in response to the increased dividend and annual profits.

Leading Engineers traded on a firm, but quiet note. Awaiting next week's interim statements, TI improved 6 to 236p and GKN 4 to 168p. Elsewhere, F. H. Tomkins firmed 2½ to 63½p, after 65p, in response to the annual figures and encouraging statement on outlook. Late support left Babcock 6 dearer at 137p, while buyers showed fresh interest in Stothert and Pitt, 5 to the good at 123p. Renold stayed at 36½p despite the chairman's encouraging remarks at the annual meeting.

Rumours of an imminent Dalgety counter bid for Brooke Bond prompted a fresh gain of 2 to 112p in the latter but more significantly sparked off a good demand for current bidders Tate and Lyle which advanced strongly to close 21 higher at the day's best of 343p; this makes Tate's cash and share-exchange offer for BB currently worth 99p per share. Elsewhere in Foods, old bid favourite Rowntree Mackintosh added 4 at 292p, while Cadbury Schweppes put on 2 to 120p. Associated Dairies hardened a couple of pence to 148p and RHM improved the turn to 85p. Northern Foods gained 4 to 170p on the announcement that its Milwaukee slaughtering plant had been reopened following a new labour contract.

Interest in the Hotel sector was at a low ebb. Garfunkels put on 5 to 145p and Ladbroke hardened a penny to 196p. Grand Metropolitan relinquished a couple of pence to 292p.

Chubb advance

Movements in the miscellaneous industrial leaders were usually limited to a few pence either way. Metal Box, however, were noteworthy for a rise of 6 to 312p following occasional buying interest. Elsewhere, Chubb advanced 5 to 172p amid U.S. bid rumours, while Press mention prompted a gain of 3 to 315p in Powell Duffryn. Thomas Jourdan improved 2½ to 24p xd for a similar reason. British Aerospace were a quieter market, but edged up a couple of pence to 338p awaiting bid developments. Wedgwood found support and put on 7 to 138p, but Christies International, a firm market last week on record auction sales, ran back 10 to 380p. Revived investment demand left Smiths Industries 7 to the good at 519p. Still reflecting last week's decision to refer the BET bid to the Monopolies Commission, Initial eased a few pence further to 431p. Hong Kong stocks improved afresh, China Light rising 3 to 105p and Hutchison Whampoa 3½ to 82½p.

Press reports of a late boom in summer holiday bookings induced a good demand for package tour operators Horizon Travel and Intasun; the former advanced steadily to close 20 higher at the day's best of 138p, while the latter added 4 better at 65p, after 100p. Elsewhere in the Leisure sector, Mama attracted renewed speculative support and rose 5 to 122p. Trident TV "A" met with demand of a similar nature and closed 7 to the good at 149p. By way of contrast, Norton Opax, which last week announced a £3m rights issue to help finance planned expansion, fell 6 to 125p.

Fleet Holdings advanced 4 more to 181p amid persistent speculation that Lonrho was interested in acquiring a stake; Lonrho, which recently denied a similar rumour, improved 3 to 142p awaiting Thursday's mid-term statement. Elsewhere, Routledge and Kegan Paul fell 7 to 248p after the increased annual deficit.

Shippings closed a shade firmer for choice, albeit in an exceptionally thin trade. Ocean Transport led the way, rising 6 to 117p on support in front of tomorrow's interim results. British and Commonwealth, in slimmed-down form following the share subdivision, rose 5 to 170p with the associate Caledonia Investments 3 up at 150p. The absence of bid developments left P & O Deferred a couple of pence cheaper at 301p.

Already a couple of pence firmer, Bats attracted a lively trade after-hours and finally closed 13 dearer on balance at 228p; results from its important Brazilian subsidiary are expected either today or tomorrow.

Financials bucked the widespread uncertainty noted elsewhere in equities and displayed sizeable gains. Exco International were outstanding following weekend Press comment and advanced 25 to 445p. Investors provided in sympathy with gains of 15 common to R. P. Martin, 280p, and Mercantile House, 282p; the last-mentioned is expected to reveal today preliminary profits of around £57m at the pre-tax level. Elsewhere, favourable mention lifted Newmarket a few pence to 174p, while Ireland's Silvermines returned to favour with a gain of 12 at 120p.

Oils easier

Concern over the recent downward pressures on North Sea crude prices—prompted another uneasy performance by the leading oils. BP opened a fraction better at 430p but quickly attracted renewed selling which lowered the price to 423p before a minor late rally left the shares a net 3 off on balance at 428p. Shell, scheduled to report interim results on August 9, remained a dull market and lost 7 more to 543p. Britoil closed 5 cheaper at 205p, as did LASMO, 263p.

Secondary issues were broadly lower but showed a couple of firm features. Anvil Petroleum were 5 up at 70p following favourable Press mention, and Tristol Oil and Minerals hardened to 40p in the wake of the sharply increased interim profits.

Elsewhere, Australia's Brunswick Oil edged up 2 to 36p and Churchill Energy put on ½ to 21½ following Press comment. Irish issues were generally easier; Bryson dipped 13 to 370p and Eglinton 8 to 127p.

Golds lower

Mining markets were dull and subdued following the latest performance by the bullion price. The latter closed a shade higher at $340.375 an ounce but was well below the $342 ruling in New York late on Friday evening.

Consequently South African Golds fell away at the outset of trading, depressed by renewed selling from Johannesburg and the Continent, before staging a minor rally in afternoon business. Closing losses, however, were sufficient to produce a 3.4 fall to 499.0 in the FT Gold Mines index.

Among leading heavyweights, Kloof were vulnerable and dropped a half-point to £30¼, while falls of around ½ were common to Southvaal, £33¼, and Free State Geduld, £21¾. Hartebeest were a shade firmer at 455p following the share split from R1 to 10 cents a share nominal value.

On the other hand, Western Holdings moved against the trend and improved ⅛ to £29⅛. Cheaper-priced issues were highlighted by Leslie, which dropped 11 to a 1984 low of 170p and Elandsrand, which fell 34 to 650p.

Financials fared no better, although recently depressed Anglo American Corporation managed a minor gain at £10⅛. De Beers eased 3 more to a 1984 low of 395p. Coal stocks were unsettled with Transvaal Consolidated Land £1¼ off at £22¾ and "Amcoal" ¼ down at £14¼.

London Financials were barely changed in routine trading with the notable exception of Rio Tinto-Zinc. The latter advanced to close a net 12 firmer at 537p following favourable weekend Press comment.

Australians provided a number of firm features but overall the sector remained quiet. Golds enjoyed a much better day with Gold Mines of Kalgoorlie 15 up at 400p and Central Norseman Gold 10 to the good at 283p.

The latest drilling report from the Hellyer base-metal deposit in Tasmania, which indicates reserves almost double the previous estimates, prompted substantial support for Aberfoyle, which jumped 60 to 410p, and Paringa, 4 up at 58p.

Leading diversified mining groups encountered persistent small selling and showed CRA and MIM down 8 apiece at 288p and 160p respectively. Western Mining dipped 5 to 182p.

Elsewhere, in Malaysian Tins Kamunting continued their recent upsurge and jumped 60 more to a year's best of 390p following persistent buying from the Far East amid talk that the company could be used as a shell operation.

Demand for Traded Options remained low, mirroring the uninspiring conditions in underlying equities. Total contracts amounted to a meagre 2,420—well short of last week's daily average of 3,937. Lonrho were relatively lively in front of Thursday's interim results and recorded 342 calls and 158 puts. Shell were also wanted with 281 calls, 180 in the October 700's, and 154 puts done.

FINANCIAL TIMES STOCK INDICES

	July 30	July 27	July 26	July 25	July 24	July 23	year ago
Government Secs ...	75.72	76.16	76.42	76.21	76.09	75.96	79.83
Fixed Interest ...	80.43	80.83	80.89	80.73	80.66	80.87	81.88
Industrial Ord ...	778.7	776.4	777.5	770.2	750.6	750.5	707.1
Gold Mines ...	499.0	502.4	514.0	494.9	488.2	490.3	645.4
Ord. Div. Yield ...	5.29	5.27	5.27	5.28	5.29	5.50	4.70
Earnings Yld.% (full)	12.32	12.54	12.50	12.15	12.21	12.20	9.50
P/E Ratio (net) (*) ...	9.75	9.78	9.97	9.89	9.85	9.84	13.39
Total bargains (Est.)	16,808	17,767	17,411	16,484	17,220	16,948	17,687
Equity turnover £m.	—	264.90	236.05	158.94	187.21	251.25	136.11
Equity bargains ...	—	16,552	14,441	11,659	16,172	13,045	14,976
Shares traded (ml) ...	—	203.8	132.1	106.4	113.6	216.5	161.5

10 am 776.9. 11 am 775.0. Noon 774.6. 1 pm 775.2. 2 pm 775.7. 3 pm 775.7.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.31.

HIGHS AND LOWS

—	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.72 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int ...	87.48 (14/3)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord. ...	922.8 (3/5)	755.3 (25/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mines	711.7 (8/3)	488.2 (24/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	July 27	July 26
Daily Gilt Edged Bargains ...	165.5	166.2
Equities Bargains ...	99.5	93.8
Value ...	533.4	481.2
5-day Average Gilt Edged Bargains ...	151.4	151.4
Equities Bargains ...	87.7	84.8
Value ...	448.6	442.7

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Britoil ...	31	205	−5
ICL ...	28	81	−3
Shell Trans. ...	27	550	−7
Lex Service ...	18	343	−15
Tootal ...	19	49½	+3½
Brit. Aerospace	18	336	−2
STC ...	18	286	−10
Initial ...	17	431	−56
Cosalt ...	16	88	−2
Brooke Bond ...	15	110	−1
BTR ...	14	420	−7
Invent Energy ...	14	363	−15
Petranol ...	13	375	−8
Pilkington Bros	13	263	—

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (14)

AMERICANS (4)
Ameritech, Pacific Telesis, Houston Inds., Rohr Inds.
ELECTRICALS (1)
Microfilm Reprog.
FOODS (2)
Brooke Bond, Safeway Stores
INDUSTRIALS (2)
Continental Group, Phillips Patents
INSURANCE (1)
Windsor Securities
LEISURE (1)
Trident TV A
MOTORS (1)
Adams & Gibbon
PROPERTY (1)
Lynton Hldgs.
MINES (1)
Kamunting

NEW LOWS (114)

BRITISH FUNDS (56)
INT. BK. & O'SEAS GOVT. STLG. ISS. (1)
CORPORATION LOANS (2)
LOANS (1)
CANADIANS (2)
BANKS (1)
STORES (3)
ELECTRICALS (6)
INDUSTRIALS (4)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (1)
PROPERTY (2)
SOUTH AFRICANS (3)
TEXTILES (2)
TRUSTS (16)
OILS (3)
PLANTATIONS (1)
MINES (8)

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon July 30 1984 (Index No.; Day's Change %; Est. Earnings Yield% (Max.); Gross Div. Yield% (ACT at 30%); Est. P/E Ratio (Net)); Fri July 27; Thur July 26; Wed July 25; Tue July 24; Year ago (approx.) Index No.

Figures in parentheses show number of stocks per section

Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield %	Gross Div. Yield %	Est. P/E Ratio	Fri July 27	Thur July 26	Wed July 25	Tue July 24	Year ago
1 CAPITAL GOODS (203) … 91 ALL-SHARE INDEX (742)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

Price indices	Mon July 30	Day's change %	Fri July 27	xd adj. today	xd adj. 1984 to date
British Government 1 5 years … 8 All stocks (Index-linked)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average gross redemption yields	Mon July 30	Fri July 27	Year ago (approx.)
British Government Low/Medium/High Coupons; Debs & Loans; Preference; British Government index-linked stocks; Inflation rate 5%, 10%	[illegible]	[illegible]	[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+or	Net div.	Times covered	Gross yield	P/E ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price £	+or
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984 High	1984 Low	Stock	Closing price p	+or
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ‡ Issued by tender. ¶ Offered to holders of ordinary shares as a "rights". ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ||| Allotment letters (or fully-paid). ‖ Introduction. ⊕ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BL	51	—
BP	425	−3
Brooke Bond	112	+2
Chubb	172	+5
Croda Intl	129	+6
Falcon Res Nw	87	—
Hogg Robinson	179	−1
Horizon Travel	138	+20
RTZ	537	+12
Shell Transport	543	−7
TI	236	+6
Tate and Lyle	343	+21

For rate indications see end of Share Information Service

Stocks favoured for the call included Horizon Travel, Polly Peck, Strong and Fisher, Charterhall, SGB, Tricentrol, Bryson, ICL, Eglinton Oil and Gas, Brunswick Oil, Parkfield Foundries, Premier Oil, Davy International, Petranol, Bula, Aran Energy and Southwest Resources. No puts were reported, but a double was transacted in Tootal.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds; Corpns., Dom. and Foreign Bonds; Industrials; Financial and Props.; Oils; Plantations; Mines; Others; Totals	[illegible]	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*423)	420	23	53	48	20		
	460	14	18	66	00		
	500	5	2	—	38		
	500	3	5	—	138		
Cons Gold (*479)	460	47	57	65	16		
	500	25	37	45	37		
	550	11	24	—	77		
	600	5	16	—	125		
	650	1½	7	—	175		
Courtaulds (*110) … Imperial Gp. (*141); LASMO … FT-SE Index (*995)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

July 30. Total Contracts 2,420. Calls 1,526. Puts 894. *Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100[illegible]	99[illegible]	Treas 12pc 1984	99[illegible]	.....	12 02	12 28
105[illegible]	101[illegible]	Treas. 15pc 1985	101[illegible]	–[illegible]	14.74	11.69
102[illegible]	100	Exch. 12pc Cnv. '85	100[illegible]	–[illegible]	11 99	11.68
95[illegible]	93[illegible]	Treas 3pc 1985	93[illegible]	–[illegible]	3.21	11.71
102[illegible]	99[illegible]	Treas 11½pc 1985	99[illegible]	–[illegible]	11 53	11 78
99[illegible]	96[illegible]	Treas 8¾pc Cnv '85	96[illegible]	–[illegible]	9.04	12 11
104[illegible]	99[illegible]	Exch. 12¼pc 1985	99[illegible]	–[illegible]	12.27	12.24
103[illegible]	99[illegible]	Exch. 11¾pc '86	99[illegible]	–[illegible]	11.86	12.43
102[illegible]	96[illegible]	Treas. 10pc Cnv 1986	96[illegible]	–[illegible]	10 41	12.59
90[illegible]	88[illegible]	Treas 3pc 1986	89[illegible]	–[illegible]	3.36	9 46
102	96[illegible]	Exch. 10½pc Cv '86	96[illegible]	–[illegible]	10 84	12.43
104[illegible]	99[illegible]	Treas 12pc 1986	99[illegible]	–[illegible]	12 11	12.53
98[illegible]	93[illegible]	Treas 8½pc 1984-86	93[illegible]	–[illegible]	9.06	12.27

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

1984 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
34[illegible]	26[illegible]	Abbott Labs	33[illegible]	.....	$1 20	—	2 8
24[illegible]	11[illegible]	Ahmanson (H.F.)	15[illegible]	–[illegible]	$1.20	—	6.1
34[illegible]	27[illegible]	Alcoa $1	26[illegible]	+[illegible]	$1.20	—	3 7
39[illegible]	21[illegible]	Allied Corp $1	22[illegible]	+[illegible]	$1 80	—	6.1
18[illegible]	13[illegible]	Amax $1	13[illegible]	+[illegible]	20c	—	1.1
995p	711p	Amdahl 5c	765p	+34	20c	—	2.0
24[illegible]	18[illegible]	Amer. Express $0.60	21[illegible]	+1	$1.28	—	4.6
19	14[illegible]	Amer. Medical Int. $1	17[illegible]	+[illegible]	48c	—	2 1
23[illegible]	20[illegible]	Amer. Nat. Res. $1	22[illegible]	+[illegible]	h$1.41	—	4 9
13[illegible]	10[illegible]	American T. & T. $1	13[illegible]	.....	$1.20	—	6.8
54[illegible]	43[illegible]	Ameritech $1	54[illegible]	+[illegible]	$6.00	—	8.4
21[illegible]	15[illegible]	Amtach	16[illegible]	+[illegible]	$1.44	—	6.0
230p	164p	Arid Tech	200p	.....	—	—	—
16[illegible]	10[illegible]	BankAmerica $1[illegible]	11[illegible]	–[illegible]	$1.52	—	10.2
35[illegible]	27[illegible]	Bankers N.Y. $10	31[illegible]	+1[illegible]	$2 45	—	6 0
55[illegible]	46[illegible]	Bell Atlantic $1	55[illegible]	.....	$6.40	—	8.8
23	19[illegible]	BellSouth $1	22[illegible]	+[illegible]	$2.60	—	8.7
20[illegible]	12[illegible]	♥Beth Steel $8	12[illegible]	+[illegible]	60c	—	3.7
13[illegible]	11[illegible]	Bowater Inc.	12[illegible]	+[illegible]	Q72c	—	4.3
31[illegible]	19[illegible]	Brown'g-Fer. 16[illegible]c	24[illegible]	+[illegible]	96c	—	3.0
23[illegible]	16[illegible]	Brunswick Corpn	22[illegible]	+[illegible]	80c	—	2.1
28[illegible]	24[illegible]	CPC Intnl. 25c	28[illegible]	+[illegible]	$2.20	—	6.8
49[illegible]	39[illegible]	Campbell Soup 60c	48	+[illegible]	$2.30	—	1 7
36[illegible]	25[illegible]	Caterpillar Tractor	26[illegible]	+[illegible]	$1.50	—	4.4
36[illegible]	27[illegible]	Chase M'hn $12.5	28[illegible]	+[illegible]	$3 65	—	9.5

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
280	350	Falcon 250c	150	......	Q100c	♦	37.1
17	11½	Wankie Col. Z$1	12½	......	—	—	—
21	14	Zam.Cpr 1800 24	15½	+½	—	—	—

Australians

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	23	♥ACM 50c	25	......	—	—	—
30	20	♥Allstate Expl'n. NL	21	......	—	—	—
10½	4	♥Asia Oil & Minerals	4½	......	—	—	—
19	12	♥AGL Hydrocarbons NL	17	......	—	—	—
20	17½	♥Australis Mng NL	18	......	—	—	—
45	15	♥Balmoral Res	27	......	—	—	—
36	18	♥Black Hill Mins	19½	......	—	—	—
104	77	♥Bond Corp	88	–1	Q10c	0.7	7.4
171	90	♥Bougainville Kina	90	–6	Q16.4c	1.2	17.9
406	216	♥CRA $2	288	–8	Q12c	1.5	2.7
86	44	♥Carr Boyd 20c	47	......	—	—	—
48	25	♥Central Kalgoorlie	25	......	—	—	—
24	20	♥Central Pacific	21	......	—	—	—
4½	2½	♥Cons Gld Mg Areas NL	2½	......	—	—	—

Miscellaneous

1984 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
210	145	♥Tongkah H. In SM1	210	......	[illegible]	1.6	0.8
410	245	Tronoh SM1	290	......	[illegible]	1.4	7.2
25	9	♥Admiral Mines	9	......	—	—	—
75	55	♥Anglo-Dominion	63	......	—	—	—
75	32	♥Anglo Utd. Dev	36	......	—	—	—
370	210	♥Centennial Min'ls.	295	+25	—	—	—
175	100	♥Colby Res Corp	115	......	—	—	—
955	550	Cons. Murch. 10c	575	–15	Q100c	1.4	8.9
£20¾	£14	Eastern Tns. Cns. 50c	£15	+¼	Q90c	♦	1.1
		For Echo Bay Mines see Canadians					
252	160	Hampton Areas 10p	167	+1½	3.75	♦	[illegible]
205	145	♥Highwood Res	150	......	—	—	—
£24½	£16	Homestake Mining $1	£17½	+¾	Q20c	[illegible]	[illegible]
55	27	♥New Sabina Res C$1	50	......	—	—	—
365	270	♥Northgate C$1	240	+20	—	—	—
718	500	RTZ	537	+12	[illegible]	[illegible]	[illegible]
£155½	£119½	Do 9½pcCn'95-2000	£119	+7½	Q9½%	[illegible]	[illegible]
		For Sabina Res see New Sabina Res					
£11½	850	♥Tara Expln $1	850	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution, this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- Interim since increased or resumed.
- Interim since reduced, passed or deferred.
- Tax-free to non-residents on application.
- Figures or report awaited.
- Not officially UK listed; dealings permitted under Rule 163(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend, cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution. ■ Price ex Bowater Inc. entitlement.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

			Fin. 13% 97/02	£92⅞	–¼
Albany Inv 20p	80	......	Alliance Gas	63	......
Craig & Rose £1	800	......	Arnott	200	......
Finlay Pkg. 5p	43	......	CPI Hldgs	85	......
Higsons Brew	83	......	Carrol Inds.	101	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	46	......
IoM Stm. £1	107	–5	Heiton Hldgs	18	......
			Irish Ropes	37	......
IRISH			Jacob (W & R.)	62½	......
Exch. 12% 1985	£98½	......	IMG	50	......
Nat. 9¾% 84/89	£84⅛	–¼	Unidare	80	......

OPTIONS — 3-month call rates

Industrials					
Allied-Lyons	15	Hawker Sidd	38	Vickers	14
BOC Grp	27	Hse of Fraser	26	Woolworth Hldg	50
BSR	26	ICI	42		
Babcock	17	'Imps'	12	**Property**	
Barclays Bank	45	ICL	7½	Brit Land	13
Beecham	32	Ladbroke	23	Cap Counties	16
Blue Circle	40	Legal & Gen	45	Land Secs	25
Boots	16	Lex Service	40	MEPC	25
Bowaters	25	Lloyds Bank	50	Peachey	17
Brit Aerospace	20	'Lots'	3	Samuel Props	12
BAT	15	Lucas Inds	18	Sterling Guar	4
Brown (J.)	3	'Mams'	14		
Burton Ord	22	Marks & Spcr	20	**Oils**	
Cadburys	11	Midland Bk	36	Brit Oil & Min	9
Comm Union	16	NEI	10	Brit Petroleum	35
Courtaulds	11	Nat West Bk	60	Burmah Oil	17
Debenhams	14	P & O Dfd	25	Charterhall	9
Distillers	22	Plessey	20	Premier	6
Dunlop	5	Racal Elect	18	Shell	55
FNFC	6¼	RHM	8	Tricentrol	20
Gen Accident	42	Rank Org Ord	24	Ultramar	60
Gen Electric	16	Reed Intnl	40		
Glaxo	70	Sears	8	**Mines**	
Grand Met	30	TI	22	Charter Cons	24
GUS 'A'	55	Tesco	16	Cons Gold	58
Guardian	50	Thorn EMI	55	Lonrho	12
GKN	20	Trust Houses	18	Rio T Zinc	60
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Dealing *Tues. ‡Wed. †Thur. Prices July 24/25/26.

Britannia Gp. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-588 2777 Dealing: 01-638 0478/0479
Britannia Viewpoint 01-341 5656

UK Specialist Funds				
Growth Gilt Trust	48.6	49.3	−0.2	0.90
Recovery	58.6	62.5	+0.6	3.89
Smaller Cos.	88.9	94.8	−0.3	1.50
Spec. Mkt. Sits.	59.9	63.9	+0.3	3.01
UK Blue Chip	56.1	59.8	−0.4	3.87
High Income Funds				
Nat. High Inc.	170.4	170.4	+1.4	6.75
Extra Inc.	44.1	47.0	+0.4	8.96
Inc & Growth	119.2	127.1	+0.6	6.01
Gilt	21.9	25.2	−0.1	10.74
Pref. Shares	17.7	18.9	−0.1	11.22
Sector Specialist Funds				
Commodity Shares	119.1	127.3	+7.5	2.82
Financial Secs.	28.0	70.9	−0.2	1.12
Gold & General	22.3	24.0	+0.1	2.19
Int. Tertiary Mk.	9.8	10.4	+0.2	—
Prop. Shares	31.5	35.7	−0.1	1.86
Univ. Energy	63.1	67.3	—	0.61
World Tech	39.9	42.6	+0.4	—
Overseas Funds				
American Growth	66.8	71.3	+1.1	2.83
Am. Smaller Cos.	19.2	20.5	+0.3	0.13
Am. Spec. Sits	60.9	65.0	+T.6	0.89
Australian Growth	63.4	67.6	−0.1	1.85
Far East	33.1	35.3	+0.6	0.67
Hong Kg. Performce	15.7	16.7	+0.7	4.02
Intl. Growth	90.4	96.4	−0.8	2.40
Japan Perf. Trust	30.3	32.5	−0.1	—
Japan Smlr Co's Tst	10.3	11.0	...	—

190 West George St., Glasgow. 041-332 6462
FS Balanced Gwth Fd. 117.4 | 122.8

Fidelity International Management Ltd.
River Walk, Tonbridge, TN9 1DY. 0732 362222

American	67.1	72.2	+1.4	0.91
Amer. Spec. Sits.	41.8	44.9	+1.2	—
Gilt & Fixed Int.	27.0	70.2	−0.1	11.51
Growth & Income	44.1	52.9	+0.2	5.92
Japan Special Sits	21.7	23.1	+0.4	—
Japan Trust	60.9	65.1	+0.2	—
Managed Int. Tst.	60.0	66.0	+7.0	0.11
Max. Inc. Eq. Tst.	44.0	47.4	+0.1	7.51
Special Sits.	65.7	71.8	−0.2	0.99

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow 041-204 1321

J. Finlay Internat'l	54.5	58.4	...	0.74
Accum. Units	69.1	74.3	...	0.74
J. Finlay High Income	44.7	48.7	...	0.70
J. Finlay Wld. Energy	15.5	16.7	−0.1	2.81
Accum. Units	21.1	22.7	−0.1	2.83
J. Finlay 10 In. Tst.	68.1	71.2	...	3.57
Accum. Units	97.6	104.9	...	3.57

Prices on July 25. Next dealing Aug 1.

Robert Fleming & Co Ltd
8, Crosby Square, EC3 8AN. 01-638 5858

Am Ex Fd*	£253.28	258.56	..	1.70
Jap Ex Fd*	£184.50	140.69	..	1.42

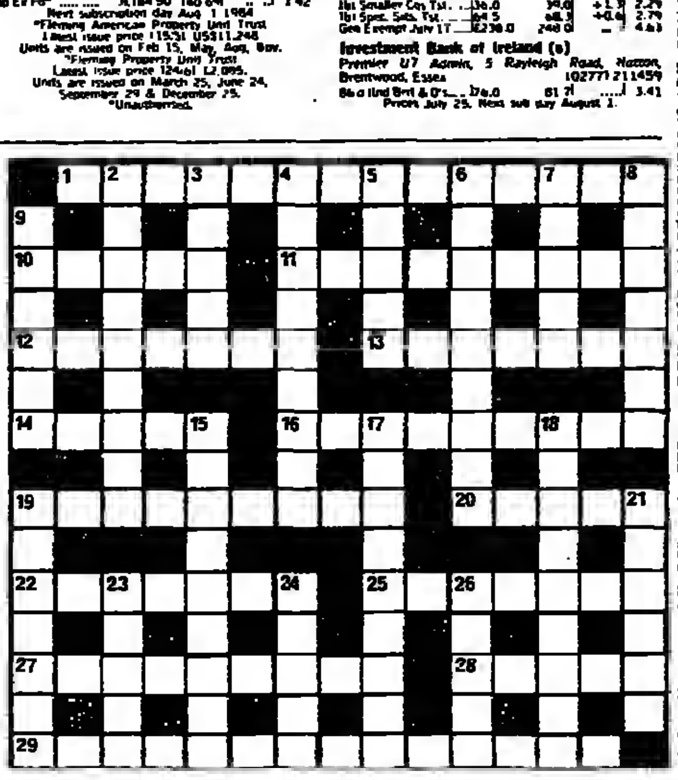
Next subscription day Aug 1 1984
*Fleming American Property Unit Trust
Latest issue price 119.51 US$11.248
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust
Latest issue price 124.61 £2.085.
Units are issued on March 25, June 24, September 29 & December 25.
*Unauthorised.

[illegible]

INSURANCES

[illegible]

F.T. CROSSWORD PUZZLE No. 5,479



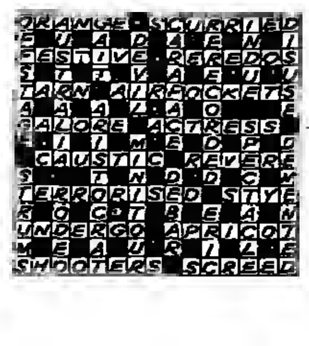
ACROSS

1 Example of first-class 19 down 9 (14)
10 Seed-plant's germ-cell of Christmas, we hear (5)
11 Putting back remainder having nothing to call (9)
12 Len Reed could be maker of steely points (7)
13 Yellowy colouring matter in flowers? Ten to one it's watery (7)
14 Example of first-class 19 down 9 (Gets out?) (5)
16 Exact batsmen's fears—unsuccessful people? (4,5)
19 Camp choir out of tune—to do with aromatic oil? (9)
20 Where 19 down is played (or one who plays) (5)
22 A.1 roads prepared for a lady (7)
25 Pair in a trick almost difficult to achieve (7)
27 Dubbing—royalty kept in the dark? (9)
28 Increase in stake and extol with no leader (5)
29 It's noted masters are fond of it (7, 7)

DOWN

2 Feed ox rum. Rum? It's to leak out! (5, 4)
3 Basket for fish under cover's extremities (5)
4 One who covers waves coming for strand (4-5)
5 Example of first-class 19 down 9 (5)
6 Catch may be—or medicine? (7, 2)
7 Down is this 9 down, for example (5)
8 Locomotives seen crashing about Geneva (7)
9 and 19. Consists of three-day confrontations (6, 7)
15 Function where pupils roll? (6, 3)
17 Highest ranking spirit (9)
18 Bent coin contains raised affliction endlessly wearing away (9)
19 See 9.
21 Example of first-class 19 down 9 (6)
23 Farewell seen in sad (ie unhappy) parting (5)
24 An essential thing to tax (5)
26 Example of first-class 19 down 9, in short (5)

Solution to Puzzle No 5,478



INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet. 01-440 8210
Fund Managers, Touche Remnant & Co.

Sel Sec 4	23 8	25.1	...	—
Blue Chip	18 2	19.2	...	—
Fixed Yield	17 0	18.8	...	—
Guaranteed Mny	15 4	16.3	...	—
Managed	17.0	17.9	...	—
International	22 3	21.5	...	—
Property	14.1	15.5	...	—
Pacific	16.4	17 3	...	—
Equity	13 3	14 3	...	—
Special Sits	19 0	20 1	...	—
Int Currency	13.2	13.9	...	—
Index Linked Secs	10 4	11.0	...	—
American	16.5	17.4	...	—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	13.49	10.17	...	—

Lloyd's Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202

Multi Gwth July 6	£2.69143		...	—
Multi Gwth 'D' July 0	248.0	261.1	...	—
Op 0 Prop July 20	251.9	265.2	...	—
Op B Equity July 30	291 0	306.4	−1.2	—
Op 0 Hy July 26	250.6	263.8	...	—
Op 0 Man July 26	295 6	311 2	...	—
Op 0 Dep July 30	194.6	204 9	+0.2	12.11
Op 0 Int Bond July 26	160.6	169.1	...	—
Op 3 Inc Dist July 26	130.0	136.9	...	0.90
Op 0 04 Man July 26	166.6	175.4	...	—
Op 0 US$ July 26	138.8	146.2	...	12.12
Pens B Pr Ac July 15	318.4	333.2	...	—
Pens B Eq Ac July 15	787.2	820.7	...	—
Pens 0 FI Ac July 15	359.5	376.5	...	—
Pens B Md Ac July 15	505.9	533.6	...	—
Pens B Dp Acc July 15	[illegible]	319.0	...	—
PensBGart Gilt July 15	891.0	930.0	...	
Pens B Gart NA July 15	974.8	1026 0	...	
PensBGart Pac July 15	862.0	908.0	...	

For Pensions Capital Units please ring extension 819.

Britannia Funds—Series A

Am Smaller Co's July 25	115.4	121.5	...	—
Am Spec Sits July 25	134.4	101.5	...	—
Commodity July 25	67 9	71 5	...	—
Extra Inc July 25	107.5	113.2	...	—
Far East July 25	87.3	61.9	...	—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	167.2	176.0	+0.3	—
UK Equity	111 7	180.8	+0.4	—
Overseas Eq	161 8	170.4	+1 9	—
American	166.6	115 7	+2.6	—
Far East	156 2	164 5	+0 1	—
Property	109.0	115 4	...	—
Fixed Int	146 2	154 0	−0 6	—
Indexed Gilt	93.7	98.7	−0.3	—
Deposit	110 8	116.1	+0.1	—

Pension Fund Prices

Man Initial	163 9	172 6	+0 1	—
Man Acc	179.1	189 2	+0.2	—
UK Eq Initial	100.5	166.0	+0 4	—
UK Eq	111 6	152.8	+0.5	—
Overseas Eq. Initial	182.2	191 8	+1.7	—
Overseas Eq	206 0	216.9	+1.9	—
American Initial	177.5	186.9	+3.0	—
American	192 6	202.8	+3.3	—
Far East Initial	193.4	203.6	+1.1	—
Far East	210.3	223.4	+1.3	—
Prop. Initial	104.9	110.4	...	—
Prop.	111.8	119.8	...	—
Fixed Int. Initial	129.1	135.9	−0.7	—
Fixed Int.	139.1	147.1	−0.7	—
Indexed Gilt Initial	88 9	93.6	−0.4	—
Indexed Gilt	[illegible]	101.6	−0.4	—
Deposit Initial	[illegible]	115.3	...	—
Deposit	119.1	125.4	+0.2	—

NPI Pensions Management Ltd.

Managed Fund	459 2	471 0	...	—

Prices June 29. Next dealing August 1.

New Zealand Sth. Brit. Insce. PLC
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Kry (Managed)	316.0	325.8	...	—
UK Equity	138.2	145.5	+0.3	—
American	225.5	217.4	+2.9	—
Pacific	319.1	335 9	+5.6	—
Property	148.5	156 3	...	—
Gilt	168.2	177.1	−0.5	—
High Inc. Equity	130 0	157.6	+1.1	—
High Inc. Fxd. Int.	96.3	101.4	−0.4	—
Deposit	146.2	153.9	...	—
Index Linked Gilt	97.4	102.6	−0.3	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Jamaican contract for Tate & Lyle

By Canute James in Kingston

TATE AND LYLE has signed a contract to manage the state-owned half of the Jamaican sugar industry, beginning in January.

Mr Percival Broderick, Jamaica's Agriculture Minister, said the British company is to bring output from the three factories from the current 100,000 tonnes per year to 190,000 tonnes during the fifth year of its contract.

The company will be paid £900,000 in the first year of its contract, and £550,000 per year after.

Tate and Lyle will also receive incentive payments of £12 per tonne in the first year for production above 120,000 tonnes, falling to £8 per tonne in the fifth year.

Planning for rehabilitation and refurbishing of the state-owned mills will be assisted by loans from Midland Bank, backed by the Exports Credit Guarantee Department.

The refurbishing of the mills, expected to cost about £16m, will be financed through local bank loans, with British suppliers likely to get the orders for equipment.

The contract with Tate and Lyle follows continued decline in the Jamaican industry. With a rated capacity of 400,000 tonnes per year, production has slipped to 195,000 tonnes this year and the industry has accumulated debts of about $100m.

Richard Mooney adds: World market sugar prices remained under pressure yesterday with London dealers reporting "depleted buying support."

In the morning, the London daily raw sugar price was fixed £0.50 down at £89 a tonne, equalling the 21-month low reached last week.

Base metal markets primed for upsurge

BY JOHN EDWARDS, COMMODITIES EDITOR

AN INTRIGUING situation is building up the base metal markets. Will there be a price explosion in the last quarter (October-December) as a result of a shortage of immediately available supplies, or will the markets continue to be stagnant, moving in a narrow price range as at present?

Stocks of metals held in the London Metal Exchange warehouses have fallen steadily in the last few months. Copper stocks, for example, fell last week to the lowest level since November 1982 at 192,025 tonnes, having come down from the five-year peak of nearly 436,000 tonnes reached in January this year.

There is a similar situation in other metals. LME warehouse holdings of aluminium, lead and zinc have virtually halved during the past 12 months are close to the lowest levels since early 1982.

Yet prices remain depressed. As a result, aluminium producers have cut back production both in North America and Europe. U.S. copper producers have reached output and so have European zinc producers. Lead supplies have been drastically cut back by continuing strikes in the main U.S. producing areas, as well as temporary stoppages in Australia and Peru.

However, the stagnation in prices is not all that surprising. Traditionally, trade demand for base metals is at a low ebb during the summer months when holidays reduce industrial activity in the Western world countries.

This year, further pressure has been put on the market by the continuing high U.S. interest rates that has led to a strong dollar and a weak trend in gold and other precious metal markets that inevitably affects base metals, too.

High interest rates encourage consumers to reduce stocks and discourage speculative buying interest. Who wants to risk buying metals, when they have a safe, high return, from U.S. Treasury bills or bonds?

At the same time, although U.S. and Canadian producers may be hit by low dollar prices, mining companies elsewhere in the world may well receive more domestically as a result of the rise in the dollar against their local currency. So they have little incentive to cut production.

Nevertheless, the past year has seen a pattern of rising consumption, particularly in the U.S. where the economy has recovered strongly, at a time when production has been reduced generally following a long period of poor demand.

Mr Reg Eccles, director of Metals and Minerals Research Services, claims that the "fundamentals are getting better and better." He estimates that if the present consumption trends are maintained the base metal markets this year could be very similar to those at the end of 1978, which laid the foundations for explosive price increases in 1979.

LME STOCKS AT WEEK ENDING JULY 27 (in tonnes)		
Copper	—2,058 to	192,025
Tin	+ 380 to	27,740
Lead	+ 425 to	65,550
Zinc	—2,175 to	54,375
Aluminium	—2,800 to	141,250
Nickel	— 912 to	22,158
(in troy oz)		
Silver	—620,000 to	49,278,000

He says that global economic growth has exceeded expectations and this has been reflected in higher than anticipated base metals consumption.

Other forecasters are less optimistic. Mr David Fuller, of Commodity Analysis, feels that speculative buying interest, which would be needed to trigger any price explosion in base metals, is unlikely to be generated while the dollar remains strong and precious metals are depressed.

Certainly the trend in gold still has a powerful influence over base metal movements, partly because it mirrors the trend in U.S. interest rates.

London metal brokers Rudolf Wolff, in its latest market report, notes that for most of this year the markets have been nervously watching for indicators of rising inflation to be followed by the U.S. Federal Reserve taking action to ease inflationary pressures.

However, it concludes that after the U.S. Presidential election there is the prospect of sharply lower interest rates and a dollar more in line with fundamentals.

"If this is combined with still strong growth in the U.S. on top of stronger expansion in other western economies (and there is little reason to suppose otherwise), the outlook for commodity prices in 1985 looks more positive."

The key is whether demand for metals does pick up, as expected, during the last three months of the year. If it does, the markets will start from a base of lower surplus stocks and production levels that will leave them vulnerable to supply squeezes. Prices would react violently, especially if the economic prospects for 1985 look favourable.

● The renewed weakness of sterling brought a generally firmer trend on the London Metal Exchange yesterday. However, zinc was unsettled by rumours of an impending cut in U.S. producer prices following the recent decline in the European zinc producer quotation.

At the same time copper and lead prices were held back by disappointment over the LME stock movements.

A far bigger fall had been expected for copper and the small rise in lead stocks contrasted with market forecasts of a substantial decline.

Beef support moves welcomed

BY RICHARD MOONEY

MEASURES APPROVED by last Friday's EEC livestock management committee meeting to strengthen support for the Community's depressed beef market were given a warm welcome yesterday by Britain's National Farmers' Union.

A sharp rise in slaughterings in response to the introduction of milk production quotas from the beginning of April has tended to push prices lower and producers have been pressing for stronger support measures.

Friday's committee meeting approved EEC Commission proposals for changes in intervention buying and storage arrangements which should remove some of the excess supply from the market for the remainder of the current season.

Bull carcasses intervention is being introduced from August 20, some two months earlier than usual. Export subsidies for female carcasses have been raised considerably.

Private storage aids are being made available at higher rates and for longer periods.

On both intervention and private storage, greater flexibility is being introduced by allowing offerings of fore ends and whole carcasses as well as hind quarters.

The improved market support was "very welcome," an NFU official said yesterday.

The union would be looking closely at the market's reaction, however, before deciding whether to press for any further action, he added.

Private storage aid is being made available for nine-to-12 months instead of just six months as in the past.

A further improvement is that payments will be made after three months in store instead of at the end of the storage period.

The higher rates for export refunds on female animals will add 14 to 16 per cent to producers' returns.

Cargill to boost capacity

BY RICHARD MOONEY

CARGILL UK, the international grain trader, is investing £1.5m to expand capacity at its Hull export terminal.

The programme, which should be completed by the end of next month, will lift capacity to more than 1m tonnes a year from around 750,000 tonnes at present.

New jobs will be created, the company has confirmed, but it could not say how many as this was the subject of negotiations with the National Docks Labour Board.

Cargill's Hull silo complex was created in 1979 when it spent about £3m converting a redundant import silo. Since then it has handled grain exports totalling nearly 3m tonnes.

The present investment will double the complex's storage capacity to 60,000 tonnes and uprate loading facilities from 1,000 to 1,200 tonnes an hour. Truck receiving operations are also being speeded up.

The company is worried, however, about possible changes in EEC cereals policy. It fears plans to tighten quality standards for intervention purchases and exports could hit the UK export trade while leaving continental exporters unaffected.

British climatic conditions encourage farmers to concentrate on high yielding wheats

Compound feedstuff production declines

By Lisa Wood

CATTLE and calf compound feedstuffs' production in the UK dropped in May to less than 50 per cent of production in the same period last year, according to figures published yesterday by the Ministry of Agriculture, Fisheries and Foods.

The industry yesterday blamed milk production cuts, ordered by the EEC in April, for much of the fall in orders from dairy farmers.

Mr Roger Dean, deputy general secretary of the UK Agricultural Supply Trade Association, Ukasta, said: "The fall in production to 169,000 tonnes in May, compared with 351,000 tonnes in the same period last year, is rather worse than we expected.

"Because of the milk quota, farmers have overreacted and cut back on orders. This, however, is understandable because of the short notice given on the quota and the lack of information on what the quota implied."

He said that in late April the industry noticed a dramatic fall off in orders from farmers to the industry, which produces to order.

EEC Ministers agreed in March on the quota system under which British production had to be cut by 6½ per cent from the 1983 level. Excess production is subject to a punitive levy.

BOCM Silcock, a major foodstuffs manufacturer, said that May's figures clearly reflected a response to the milk quota. Farmers had, in some cases, also adjusted milk production to meet changed seasonal payment levels introduced recently by the Milk Marketing Board.

BOCM, however, is anticipating a 15 to 20 per cent fall in demand for dairy feedstuffs this year. "There is no doubt that our capacity and costs will have to be reduced," it said.

Weather reports depress potatoes

By Our Commodities Staff

POTATO PRICES fell back sharply on the London futures market yesterday as forecasts of unsettled, cooler conditions in UK growing areas prompted nervous liquidation. The April position ended the day £7.20 down at £115.80 a tonne.

● SRI LANKA has reduced the export duty on rubber by 2 rupees per kg with effect from July 25. The move is intended to give relief to rubber producers suffering from the recent fall in prices.

● A CONFERENCE to explain the workings of London's agricultural futures markets to bankers will be held at the International Press Centre, New Street, London EC4 on September 13. Futures Conference for Bankers is sponsored by the Grain and Feed Trade Association (GAFTA) and will concentrate on GAFTA's wheat, barley, potatoes, soya bean meal and pigmeat futures markets. Attendance will cost £57.50, including VAT.

● MR JOHN PRATT has been appointed head of the Meat and Livestock Commission's veterinary services. His appointment follows the sudden death of Dr Dick Melrose, director of the commission's research and veterinary services.

● INDIA'S edible oil imports are likely to reach a record 1.21m tonnes in 1983-84, up from last year's 1.15m tonnes, the Commerce Ministry said.

● GENE FRAGMENTS from a dried skin of an extinct animal have been cloned by scientists at the University of California. But the chances of breeding from the genetic fragments to resurrect the quarra—a relative of the horse and the zebra—are remote.

PRICE CHANGES

In tonnes unless stated otherwise	July 30 1984	+ or —	Month ago
Metals			
Aluminium	£1100	—	£1100
Free Mkt	$1175/1205		$1290/320
Copper			
Cash h Grade	£1012.75	+1.25	£999.75
3 mths	£1032.25	+2	£1,015.25
Cash Cathode	£1022	+3.5	£1001
3 mths	£1033	+1	£1,018.5
Gold troy oz	$340.375	+4.875	$370.75
Lead Cash	£371.5	+5.5	£379.5
3 mths	£367.75	+1.75	£373.5
Nickel	£5202		£5097
Free Mkt	208/238c		215/265c
Palladium oz	$130.00		$148.00
Platinum oz	$326.50	+1.75	$370.05
Quick Silver†	$285/305		$295/305
Silver troy oz	528.10p	-2.50	615.60p
3 mths	544.30p	-2.10	630.60p
Tin cash	£9512.5	+50	£9313.5
3 mths	£9412.5	+50	£9265.5
Tungsten	£65.17		£65.74
Wolfram 22.04lb	$76/80		$84/88
Zinc	£648	-0.5	£635
3 mths	£652.5	-0.75	£637.75
Producers	$980		$1040

	July 30 1984	+ or —	Month ago
Oils			
Coconut (Phil)	$1420y	+10	$1525
Groundnut	‡		$1130
Linseed Crude	‡		‡
Palm Malayan	$560z		$675
Seeds			
Copra Phil	$750z		$820
Soyabean (U.S.)	$262w	-4	$302
Grains			
Barley Fut. Nov.	£109.00	-0.60	£107.15
Maize	£147.75w		£152.50
Wheat Fut. Nov.	£110.05	-0.35	£107.80
No2 Hard Wint.	‡		‡
Other commodities			
Cocoa ship't*	£1910	+26	£1828
Future Sep.	£1752.5	-14	£1702.5
Coffee Ft. Sep.	£2208.5	-15	£2220
Cotton A Index	75.60c		82.50c
Gas Oil Aug.	$214.25	-1.25	$232.75
Rubber (kilo)	65.5p	+0.5	60p
Sugar (raw)	£89yz	-0.5	£95
Wooltops 64s	466p kilo		470p kilo

‡ Unquoted. x Sept. v Sept-Oct. w Aug. u Aug-Sept. y July-Aug. † Per 75 lb flask. * Ghana cocoa. h Nominal. c Cents per pound.

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	26.80-27.10	—
Dubai Fateh	26.60-26.65	-0.08
Arab Heavy	26.00-26.30	—
North Sea (Forties)	26.30-26.35	-0.03
North Sea (Brent)	28.30-28.65	-0.05
African (Bonny Lt)	N/A	—
PRODUCTS—North West Europe ($ per tonne)		
Premium gasoline	250-254	-1
Gas Oil	213-215	-1.5
Heavy fuel oil	170-178	-0.5

GAS OIL FUTURES

The gas oil market opened about a dollar lower but recovered on a failure to follow-through on the downside. The highs were reached on a steady New York opening, but weaker physicals sparked renewed selling and the market moved to the lows, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	212.25	-0.50	213.25-11.50
Aug	214.25	-1.25	214.50-13.75
Sept	217.00	-1.00	217.50-16.25
Oct	220.75	-1.00	221.50-20.25
Nov	224.50	-1.00	225.00-24.00
Dec	228.50	-0.50	228.25-27.25
Jan	228.65	-0.75	228.75
Feb	227.00	-1.00	228.00
March	226.00	-4.50	—

Turnover: 1,901 (2,271) lots of 100 tonnes.

GOLD MARKETS

Gold rose $3⅜ an ounce from Friday's close in the London bullion market yesterday to finish at $340-340½. It opened at $337¼-337¾ and traded between a high of $340½-341½ and a low of $337-337½. The morning fix was at $339.15 and the afternoon fix at $338.5.

In Paris the 12½ kilo gold bar was fixed at FFr 97,000 per kilo ($339.33 per ounce) in the afternoon, compared with FFr 97,000 ($339.84) in the morning, and FFr 95,400 ($337.28) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,645 per kilo ($339.99 per ounce), against DM 31,145 ($337.98), and closed at $338¼-339¼, compared with $334¾-335¼.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $337.25 per ounce.

In Zurich gold finished at $338½-338¾, compared with $335¼-336.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Aug	358.60-59.00	+4.20	359.50-57.00
Oct	345.10-45.50	+4.55	346.20-44.40
Dec	352.30-52.40	+4.85	352.70-50.50
Feb	359.20-59.40	+5.15	—
April	366.20-66.40	+5.60	—
June	373.50-73.19	+5.60	—

Turnover: 1,052 (4,170) lots of 100 troy ounces.

Gold Bullion (fine ounce)	July 30		July 27	
Close	$340-340½	(£260-260½)	$336-337	(£256-256¾)
Opening	$337¼-337¾	(£258-258½)	$333¼-334	(£255¼-255¾)
Morning fixing	$339.15	(£259.001)	$334.15	(£255.433)
Afternoon fixing	$338.50	(£258.188)	$335.25	(£254.988)

Gold and Platinum Coins July 30					
Krugrnd	$350½-351¼	(£268-268¾)	King Sov	$81¼-82¼	(£62-63¼)
½ Krug.	$180¼-181¼	(£138-138¾)	Victoria Sov	$81¼-82¼	(£62-63¼)
¼ Krug.	$92¼-93	(£70½-71)	French 20s	$63¼-65	(£48½-49¾)
1/10 Krug.	$37½-38½	(£28¾-29½)	50 Pesos Mex	$418-421	(£320½-322)
Mapleleaf	$350½-351	(£268-268½)	100 Cor. Aust	$328-331	(£250¾-253¼)
New Sov.	$80-80½	(£61¼-61½)	$20 Eagles	$576-585	(£432¾-447½)
½ New Sov.	$48-48½	(£37½-38)	Noble (Plat.)	$355½-358¼	(£250¼-255½)

EUROPEAN MARKETS

ROTTERDAM, July 30.

Wheat—(U.S. $ per tonne): U.S. two soft red winter Aug 150.50, Sept 151.25, Oct 154.50, Nov 157. U.S. two northern spring 14 per cent protein Aug 177, Sept 173, Oct 175, Nov 172, Nov 15/Dec 15 180. U.S. northern spring 15 per cent protein Aug 185, Sept 178, Oct 179.50, Nov 182, Nov 15/Dec 15 183. U.S. three hard amber durum Sept 182, Oct 184, Nov 186, mid-Nov/mid Dec 190. April/May 195. Canadian one western amber durum Aug 193.50, Sept 192, Oct/Nov 195, Nov/Dec 197.

Maize—(U.S. $ per tonne): U.S. three yellow afloat 166, Aug 148, Sept 142, Oct/Dec 132, Jan/Mar 132.50 sellers. Argentine Plate afloat 180, Aug 157, Sept 153, Oct/Dec 157 sellers.

Soyabeans—(U.S. $ per tonne): U.S. two yellow Gulfports Aug 253, Sept 254, Oct 241, Nov 240.75, Dec 243, Jan 247.50, Feb 251.50, Mar 256, April 256.25, May 262.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 183, Oct 180, Oct/Dec 183, Nov/Mar 186 sellers. Pellets Brazil afloat 173, July 175, Aug 174.50, Sept 176, Oct 185, Oct/Dec 188 sellers. Pellets Argentine afloat 185, July 168, Aug 187, Sept 169, Oct 175, Oct/Dec 183 sellers.

PARIS, July 31.

Sugar—(FFr per tonne): Oct 1300/1304, Dec 1350/1360, Mar 1460/1465, May 1510/1515, Aug 1575/1596, Oct 1610/1670.

Cocoa—(FFr per 100 kg): July 2200 ask, Sept 2032/2040, Dec 1924/1925, Mar 1925 ask, May 1940 ask, July 1945 ask, Sept 1945 ask.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES were generally firmer on the London Metal Exchange following the easier trend in sterling against the dollar. ZINC was an exception; with forward metal easing back from an initial £659 to close the late kerb at £648.25 following rumours that U.S. producer price cuts are imminent. COPPER closed below the day's high owing to disappointment at the small drop in LME stocks and forward metal eased from £1038 to £1032.5 before closing at £1035. LEAD was also unsettled by the stocks figures and forward metal closed at £369. Currency considerations and buffer stock support again kept TIN at £9,405 on the late kerb.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

ALUMINIUM	a.m. Official	+ or —	p.m. Unofficial	+ or —
[illegible]				

NICKEL

[illegible]

SILVER

Silver was fixed 2.5p an ounce lower for spot delivery in the London bullion market yesterday at 528.1p. [illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

PIGMEAT

Lack of follow-through and profit-taking out pressure on values causing them to drift to the day's lows on the close in low volume, reports CCST Commodities.

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

TEA AUCTIONS

[illegible]

INDICES

[illegible]

MEAT/FISH

[illegible]

AMERICAN MARKETS

NEW YORK, July 30

Precious metals followed the lead of the currencies and rallied after a week opening and eventually closed with minor losses, reports Heinold Commodities. Copper prices moved slightly lower with most of the selling pressure originating from arbitrage. Aluminium was fractionally lower as a late rally in currencies provided dealer support. Sugar made new contract lows [illegible] crude oil price cuts by the UK and Nigeria. Cotton closed lower on forecast of light rain in the high plains and the Delta region. Cocoa was under pressure from trade selling as crop conditions in Brazil and West Africa appeared to make a turn for the better. Coffee traded sharply lower as the absence of cold weather in Brazil encouraged long liquidation while dealers provided only limited support [illegible]

NEW YORK

[illegible]

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to advance

The dollar continued to advance on the foreign exchanges yesterday, touching the highest level for 11½ years against the D-mark, a 12½-year peak in terms of the Dutch guilder, a seven-year high against the Swiss franc, and record levels against the French franc, Italian lira, Scandinavian currencies, and several others, including the South African rand.

The dollar rose higher at one time than the last central rate of the D-mark established on February 12 1973 at DM 2.9003. It touched a trading peak of DM 2.9010 yesterday, compared with a high of DM 2.9395 reached on February 22 1973, shortly before the dollar was officially floated on March 19 1973.

Later in the day the U.S. currency declined on profit taking, and perhaps some central bank intervention, but underlying sentiment continued to support the dollar on the basis of high interest rates, and recent strong economic growth.

At the close of London trading the dollar had climbed to DM 2.8940 from DM 2.8840 against the D-mark; SwFr 2.4625 from SwFr 2.4610 in terms of the Swiss franc; FFr 8.8835 from FFr 8.85 against the French franc; and Y246 from Y245.30 against the Japanese yen.

On Bank of England figures the dollar's trade-weighted index rose to a record 137.9 from 137.3.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3065. June average 1.3773. Trade-weighted index 78.5, against 78.4 at noon, the opening and the previous close, and 81.9 six months ago.

$1.3075-1.3085 against the strong Sterling fell 35 points to dollar, after touching a low of $1.3020. The pound was firmer against the members of the European Monetary System, however, was steady at SwFr 3.225 and eased only slightly to Y321.25 from Y321.50. It rose to DM 3.7850 from DM 3.7840 and FFr 11.62 from FFr 11.5975.

D-MARK — Trading range against the dollar in 1984 is 2.8940 to 2.5535. June average 2.7393. Trade-weighted index 123.8 against 123.4 six months ago.

The D-mark weakened against the dollar at the Frankfurt fixing. The Bundesbank sold $27m when the U.S. currency rose to DM 2.8980 from DM 2.8862. It was suggested the German central bank was not happy about the strength of the dollar but had come to accept that it was likely to persist. The German currency also declined against the pound and Swiss franc but showed mixed changes against members of the EMS. Sterling rose to DM 3.7880 from DM 3.7700 and the Swiss franc to DM 1.1759 from DM 1.1725. Within the EMS the French franc was unchanged at DM 32.585 per 100 francs, while the Dutch guilder fell to DM 88.510 per 100 guilders from DM 88.550 and the Belgian franc to DM 4.9470 from DM 4.9480 but the Danish krone and Italian lira were firmer.

Trading range against the dollar in 1984 is 1.6355 to 1.1890. June average 1.3075.

The dollar rose to a record level against the rand in Johannesburg yesterday, despite a small improvement in the value of gold. The weakness of the rand was the result of the depressed price of gold recently, as South Africa gets about half its export earnings from sales of the metal. Traders suggested that the U.S. unit is generally suspect unless there is a marked improvement in the gold price. The dollar closed at an all time peak of R0.0000 compared with R1.5825 on Friday. Sterling also touched a record level against the rand, improving to R2.0835.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.2656	+0.81	+5.77	±1.5447
Danish Krone	8.14104	8.17890	+0.47	+0.43	±1.6425
German D-Mark	2.24184	2.23852	−0.15	−0.19	±1.0642
French Franc	6.87456	6.86990	−0.07	−0.11	±1.4052
Dutch Guilder	2.52595	2.53003	+0.16	+0.12	±1.4964
Irish Punt	0.72569	0.728129	+0.34	+0.30	±1.6699
Italian Lira	1403.49	1376.30	−1.94	−1.94	±4.1506

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	30 July	Prev. close
Spot	$1.3055-3065	$1.3140-3160
1 month	0.14-0.10 pm	0.13-0.10 pm
3 months	0.16-0.10 pm	0.17-0.15 pm
12 months	0.65-0.80 dis	0.65-0.75 dis

OTHER CURRENCIES

July 30	£	$		£ Note Rates
Argentina Peso	80.10-80.20	61.26-61.31	Austria	26.45-26.75
Australia Dollar	1.5745-1.5775	1.2050-1.2060	Belgium	76.90-77.70
Brazil Cruzeiro	2,438.5-2,452.1	1,870-1,879	Denmark	13.77-13.91
Finland Markka	7.9565-7.9755	6.0900-6.0950	France	11.55-11.66
Greek Drachma	149.10-149.50	114.10-114.40	Germany	3.77-3.81
Hong Kong Dollar	10.252-10.2835	7.8450-7.8500	Italy	2020-2360
Iran Rial	119.00*	90.95*	Japan	320-325
Kuwait Dinar(KD)	0.3883-0.3889	0.2979-0.2981	Netherlands	4.25¼-4.30¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

July 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.5	−12.0
U.S. dollar	107.9	+25.1
Canadian dollar	89.2	−3.8
Austrian schilling	114.1	+0.9
Belgian franc	89.8	−10.7
Danish Kroner	77.1	−6.6
Deutsche mark	125.8	+7.4
[illegible]	[illegible]	[illegible]

CURRENCY RATES

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

FINANCIAL FUTURES

Prices weak

Prices weakened on the London International Financial Futures Exchange yesterday. This followed a fall in bond prices in late New York trading Friday, and a climb to record highs by the dollar on the foreign exchanges yesterday. An increase in short-term sterling interest rates also created bearish sentiment around gilts and three-month sterling interest rate futures. There were no new factors, but traders were very watchful of the pound's movements on the foreign exchanges, where it threatened to fall to a record low against the dollar, and the U.S. bond market.

The long-term gilt for September delivery opened at 98-12, and touched a low of 98.05, before closing near the day's high at 98-21, compared with 98-24 on Friday.

Three-month sterling for September opened at 88.41, the high of the day, and finished at 88.34, compared with the previous settlement of 88.65.

U.S. Treasury bonds opened in line with the previous U.S. close, but then declined, with the September contract closing at the day's low of 63-24, compared with 64-10 at the previous settlement.

Eurodollars were also weak on firmer cash interest rates, and closed slightly below the opening level as the Federal funds rate remained very firm in New York. September delivery began at 88.28, and closed at 88.27, compared with 88.40 Friday.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	88.27	88.31	88.23	88.40
Dec	87.77	87.81	87.73	87.88
March	87.43	87.45	87.37	87.50
June	87.13	87.13	87.12	87.24
Sept	86.95	—	—	87.06

Est. Volume 3,620 (3,630)
Previous day's open int. 13,122 (13,347)

THREE-MONTH STERLING DEPOSIT
£250,000 points of 100%

CHICAGO

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	63-24	64-06	63-24	64-10
Dec	63-05	63-12	63-05	63-23
March	62-20	—	—	63-08

Est. volume 601 (772)
Previous day's open int. 1,312 (1,316)

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

CERT. DEPOSIT (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

DEUTSCHE MARKS (IMM) DM125,000 $ per DM

SWISS FRANCS (IMM) SwFr 125,000 $ per SwFr

STERLING (IMM) £25,000 $ per £

JAPANESE YEN (IMM) Y12.5m $ per Y100

GNMA (CBT) 8% $100,000 32nds of 100%

FT-SE 100 INDEX £25 per full index point

MONEY MARKETS

London rates firmer

Interest rates had a firmer tone on the London money market yesterday, with longer term rates particularly strong. This left the yield structure almost flat from one-month through to one-year, compared with a downward sloping curve previously. Three-month sterling interbank rose to 12½ per cent from 12⅛ per cent, but rates from nine months to one year increased at an even sharper rate to 12⅞ per cent from 11⅞ per cent. This brought the structure rather more in line with rates in the U.S. and helped to support sterling against the strong dollar on the foreign exchanges. Bill rates were also firmer, with discount houses buying rates for three-month eligible bank bills increasing to 11½ per cent from 11⅞ per cent.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

The Bank of England forecast a money market shortage of £300m in the morning, but changed this to £150m at noon, and provided total help during the day of £203m.

Exchequer transactions added £155m to liquidity, with a fall in the note circulation providing £250m, and bank balances below target another £90m. These factors were outweighed by bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills draining £670m.

Before lunch the authorities bought £153m bills by way of £1m bank bills in band 1 (up to 14 days maturity) at 12 per cent; £5m bank bills in band 2 (15-33 days) at 11⅞ per cent; £2m bank bills in band 3 (34-63 days) at 11⅝ per cent; and £180m bank bills in band 4 (64-91 days) at 11⅝ per cent.

The Bank of England did not operate in the market through bill purchases in the afternoon, but provided late assistance of around £15m.

In Amsterdam the Dutch National Bank offered a one-week special advance at an interest rate of 5⅞ per cent. The amount of money available will be announced at the close of subscriptions Tuesday. This facility will be effective from August 1 to 7, with repayment on August 8, and is on top of £1,864m of currency swaps currently in effect. Call money firmed to 5½ per cent from 5⅛ per cent.

MONEY RATES

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

FT LONDON INTERBANK FIXING

MONEY RATES

NEW YORK (Lunchtime)

Company Notices

Gestetner Holdings plc

The directors today declared an interim dividend payable on 12th September in respect of the financial period ending 3rd November 1984 of 2% to dividend shareholders and 0.28% to capital shareholders registered at the close of business on 10th August. Capital shares will be allotted on 24th August to capital shareholders and despatched on 21st September.

Holders of bearer shares should lodge coupon 118 with Barclays Bank plc (Securities Services Department), 54 Lombard Street, London EC3P 3AH. Dividend shareholders should lodge three clear days before 12th September for dividend. Capital shareholders should lodge (with allotment instructions) on or after 12th September for 0.28% dividend and new capital shares.

Tottenham N17
19th July 1984

R.L.E.Lewis
Secretary

COMPANIA TELEFONICA NACIONAL DE ESPANA

Floating Rate Note Issue 1980-1991 of US$50,000,000

The rate of interest applicable for the six month period beginning on July 31 1984 and set by the reference agent is 12¼% annually.

BANQUE NATIONALE DE PARIS

Floating Rate Note Issue of US$250,000,000 January 1980/88

The rate of interest applicable for the three month period beginning July 31 1984 and set by the reference agent is 11⅞% annually.

CLASSIFIED ADVERTISEMENT RATES

	Per line (min. 3 lines) £	Single column cm (min. 3 cms) £
Commercial & Industrial Property	9.50	33.00
Residential Property	7.50	25.00
Appointments	10.00	34.50
Business, Investment Opportunities, Business for Sale/Wanted	9.50	33.00
Personal	7.50	25.00
Motor Cars	7.50	25.00
Hotels & Travel	7.50	25.00
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For further details write to: Classified Advertisement Manager, Financial Times, 10, Cannon Street, EC4P 4BY

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 30, 1984. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	9.94
Algeria	Dinar	6.84
[illegible]	[illegible]	[illegible]

INTERNATIONAL CAPITAL MARKETS

EUROBONDS

Welcome for Paribas floater

BY MAGGIE URRY IN LONDON

THE Eurodollar floating rate note market welcomed a $150m undated issue from Banque Paribas yesterday with open arms. FRNs have been firm in the last 10 days, and the sector was suffering a supply shortage.

The Paribas deal, which also has a $50m tap, was priced at par with a yield of ⅛ per cent over the mean of three month London inter-bank bid and offered rate. That was considered an attractive spread by dealers and the issue traded inside its 0.25 per cent selling concession. Lead manager was Paribas, with Credit Suisse First Boston, Merrill Lynch and S.G. Warburg as co-leads.

There were rumours in the market of more FRN issues to come, with Moscow Narodny Bank tipped as a possible borrower, though as one issue manager asked, "How would you price that deal?".

Fixed rate Eurodollar bonds were quiet yesterday, with investors deterred by the high dollar. There were signs of some short covering among professionals, but on average prices of seasoned bonds were down by ⅛ to ¼ point.

Another FRN, the Lloyds Bank Eurosterling issue made last Friday, has also done well and the first tranche was increased yesterday from £100m to £150m. The £200m total size of the issue will not be raised, so a further £50m will be available on tap. The issue is still trading inside its 0.70 per cent selling concession.

The same happy fate befell the European currency unit issue from Investors in Industry, which was raised from Ecu 50m to Ecu 60m.

In the Samurai market, the European Investment Bank raised Y20bn yesterday through a 10-year issue lead managed by Daiwa Securities.

Both the Swiss franc and D-Mark sectors were subdued yesterday with prices unchanged. There were no new issues in either market.

● National Westminster will be the first British bank to join the Japanese Government bond underwriting syndicate when it is admitted on October 1. Three U.S. banks were allowed in on April 1 this year, the first foreigners to enter. Nat West's merchant banking arm, County Bank, opened an office in Tokyo a year ago.

The move will be more symbolic than commercial at first. Many Japanese banks, which are required to be in the syndicate, have lost money on bond issues. The hope is that interest rates on Government bond issues will rise to more realistic levels. NatWest will have to underwrite 0.032 per cent of the 10-year bond issues

Hungary taps demand for short-term loans

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

HUNGARY is raising $75m in the Euromarkets through a four-year facility that involves the sale of short-term Euronotes. It is believed to be the first time such a mechanism has been used by an East European borrower.

The deal will incorporate an option for participating banks to sell their share of the loan every three or six months when a new interest rate is due to be set. The paper sold would be short-term promissory notes whose maturity would match the new interest period.

That should bring several short-term lenders into the deal as well as the participating banks, whose basic commitment will be for four years. The facility is being assembled by Bankers Trust with Bank of Nova Scotia and Union Bank of Norway.

However, the deal, which is similar in structure to the recent dollar/Ecu facility for Electricidade de Portugal, differs from a conventional Euronote facility in that the short-term paper will not be tradable. Lead managers and managers will also be able to hold on to their participations if they wish.

For Hungary, the advantage of the facility is its flexibility. It is fully revolving and is designed to tap a growing demand among banks for short-term loans to Eastern Europe. Terms are not being disclosed, as the lead managers believe that would jeopardise their chance of selling the paper in the market at a profit.

BHF Bank bond average

July 30		Previous
98.698		98.727
High	1984	Low
100.009		98.056

OVER-THE-COUNTER

Continued from Page 28

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 30.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

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